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AMERICAN NEWS

William Chislett meets the man who overthrew Gen Somoza, in exile in San Jose Commander Zero tries to reverse the revolution

"REVOLUTIONS are reversible," says Sr Eden Pastora, who as "Commander Zero" played a key role in overthrowing the Right-wing dictatorship of Gen Anastasio Somoza in Nicaragua in 1979.

The famous guerrilla leader and former deputy Defence Minister is now living in exile in neighbouring Costa Rica. He hopes to bring about the downfall of his Sandinista colleagues who, he says, have betrayed the principles of their country's revolution by failing to fulfil their promise to create a pluralist society and a mixed economy.

The Reagan Administration too would like to see the Left-wing regime in Nicaragua change. Washington accuses Nicaragua of arming the rebels in war-torn El Salvador. The Sandinistas, in turn, say the U.S. is backing a Central Intelligence Agency directed counter-revolutionary movement from Honduras where remnants of Gen Somoza's national guard have taken sanctuary and are making armed incursions into Nicaragua.

Sr Pastora, who is gathering a growing number of Nicaraguan exiles around him in his Revolutionary Democratic Alliance (ARDE), is as disillusioned with Washington as he is with his former colleagues. Peace, he argues, will never come to turbulent Central America if the Sandinistas remain in power and yet as long as Washington continues to support the guardsmen there is no chance of democratic change in Nicaragua.

"All we ask is that the U.S.



stops supporting the guard and allows Nicaragua to solve its own problems. Mr Reagan is doing the Sandinistas a great favour by supporting them," he says. The guard are intensely hated in Nicaragua for being little more than General Somoza's private army, which terrorised the population.

Sr Pastora, a swashbuckling character who spent 18 years fighting against the Somoza regime and was the most popular guerrilla leader, says he offers a "third way" which will get rid of both Right and Left-wing extremes. But he says he is caught in the crossfire of confrontation between Washington and Nicaragua.

ARDE has grouped together businessmen like Sr Alfonso Robelo, a member of the original Sandinista junta, dissi-

dent Miskito Indians from Nicaragua's Atlantic coast and individuals like Sr Francisco Fiallos, the former Nicaraguan Ambassador to Washington, who resigned last month after publicly denouncing his Government. There are an estimated 5,000 Nicaraguan exiles in Costa Rica.

ARDE is calling for free general elections in Nicaragua this year. The Sandinistas have made vague promises about holding elections in 1985 with limited political participation. Sr Pastora claims that 90 per cent of the Nicaraguan population support him.

Sr Pastora, aged 45 and plumper, has established his headquarters in a comfortable pine-wood chalet in the hills outside San Jose, where he lives with his family and half a dozen well-armed bodyguards who fought with him and still refer to him as "commander."

A large radio aerial is situated on the upstairs balcony. Sr Pastora has been broadcasting from Costa Rica and interrupting Nicaraguan radio programmes. He said that his followers were also interrupting programmes from inside Nicaragua.

His tiny office is covered with maps of Nicaragua and a photograph of his hero, General Omar Torrijos, the Panamanian strong man who died in 1981 and helped the Sandinistas prepare their revolution. Sr Pastora wears a large gold and diamond ring given to him by General Torrijos and also a gold watch which he took away from one of General Somoza's relatives when he stormed the



Sr Eden Pastora

Nicaraguan national palace in 1978.

Sr Pastora insisted that he is not seeking a military confrontation in Nicaragua, but rather a political solution. The Sandinistas, however, have shown no desire to talk with Sr Pastora who is regarded as a traitor and has been omitted from the official history of the Nicaraguan revolution.

Sr Pastora left Nicaragua in July 1981. "The country had lost all originality," he says. "Even the uniforms of the Sandinista national directorate (a nine man body) were made in Cuba." He spent over six months secretly in Panama, Mexico and Cuba, during which time he says he tried to convince the most moderate of the avowedly Marxist guerrilla

groups in Guatemala, a country wracked by political violence, to follow a social democratic path and avoid the radical course of the Sandinistas.

Last May, three months after arriving in Costa Rica, the region's only democracy, he was deported because the authorities feared the country would become a springboard for anti-Sandinista military activities, as it had earlier been a base for the Sandinistas against Gen Somoza.

Sr Pastora then went to Honduras where he said Gen Gustavo Alvarez, the country's armed forces head, invited him to join forces with the Somoza guard. But Sr Pastora wanted only a political base. "I will not allow the guard to use me," he said.

Costa Rica later allowed Sr Pastora to return to San Jose provided he remained not to become involved in military activities. In January several anti-Sandinista camps were discovered by the Costa Rican authorities near the Nicaraguan border.

Sr Pastora admitted that one of his associates, Sr "Negro" Chamorro, was involved in the camps and as a result he had been up against their Government. Then, he says, he would have no qualms about launching an armed invasion. Only history will tell whether he is an idealistic adventurer, or a man with a chance of success.

Caracas may move on private sector debt

CARACAS - The Venezuelan central bank may allow private sector companies to pay all external debts at the preferential exchange rate, bank officials said yesterday.

Under new exchange control regulations announced on February 25, the traditional rate of 4.30 bolivars per U.S. dollar would be maintained for the payment of public debts and those of mixed companies.

The decrees stipulated that the payment of short-term debts of private companies would only be allowed if they were stretched out over a three-year period beginning next year.

The decrees brought protests from private sector companies which said the regulations were discriminatory and would lead to bankruptcies.

The central bank source said the bank would also recommend that the preferential rate be granted for the payment of foreign debts by industry and commerce.

He said the central bank would begin selling to commercial banks dollars at the free market rate, which reached 7.45 bolivars on Tuesday.

The bank said its reserves totalled U.S. \$1.1bn. AP-DJ

'Sharp rise' in Chile arrests

SANTIAGO - The number of dissidents reported arrested, tortured and condemned to exile by Chile's military government rose considerably last year, according to the country's human rights commission.

A 200-page report by the panel said figures gathered from court records, Roman Catholic church sources, newspaper accounts and the victims themselves "show an evident deterioration of the (human rights) situation in relation to the four previous years."

A total of 1,789 people were arrested for suspected anti-government activity last year. One hundred of them reported being tortured. AP

Banks set to meet over Peru's request for loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE International Monetary Fund has asked commercial banks to reply by mid-April to Peru's request for an \$880m (\$579m) credit and refinancing of short-term bank credits.

This emerged yesterday following a meeting in London between European creditor banks and Peru's new Minister of Finance, Sr Carlos Rodriguez Pastor at which the Minister outlined Peru's plans for meeting its external financing needs in 1983.

A 10 bank advisory group is expected to meet in the next

few days to begin talks on Peru's needs, and outline proposals could be circulated to all the country's 250 creditor banks in the next two weeks.

One point the committee is likely to examine closely is Peru's actual need for new money. The \$880m credit is intended to refinance some \$430m in medium-term debt maturing over the next year as well as provide \$450m in new money, a figure which some bankers feel is unnecessarily high.

Reagan seeks more Salvador aid

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE Reagan Administration has surprised Congress by revealing it will seek up to \$110m in additional urgent military aid for the embattled government of El Salvador. This is almost double the \$60m the Administration was originally thought to be asking for.

The latest figure was disclosed to congressional leaders amid mounting signs that Washington is urgently seeking a political solution to the civil war in which the U.S.-backed government is fast losing the initiative to left-wing insurgents.

The problems of El Salvador, together with the Middle East, has in the last few days become

the most important foreign policy issue confronting the Administration.

Speculation was mounting in Washington yesterday that the Administration now favours a so-called "regional solution," in which other countries would be brought into peace talks and Washington would play a more discreet role.

President Ronald Reagan remains firm in his insistence that there can be no direct negotiations between the government and the guerrillas. Significantly, however, it became known yesterday that he had sent a letter to President Luis Alberto Monge of Costa

Rica supporting plans for five Central American countries—El Salvador, Honduras, Nicaragua, Guatemala and Costa Rica—to hold region-wide peace talks.

The proposed meeting was announced by Costa Rica during the Pope's visit to Central America last week. Washington is clearly hoping to take advantage of any momentum generated by the Pope.

The Administration is also increasingly sensitive to the possibility that Congress may attach conditions, possibly including a move to negotiations with the guerrillas, to any new military aid package.

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U.S. Exim Bank faces \$700m loss on defaults

By Anatole Katetky in Washington

U.S. EXPORTERS are claiming over \$700m in export credit insurance payments from the U.S. Export-Import Bank this year, as a result of the financial crisis in Mexico and other developing countries.

Despite these large losses the Exim Bank will "bear the responsibility for leadership in these troubled markets" and will continue to insure new lines of credit to Mexico and other major U.S. markets, according to Mr William Draper, the Exim Bank's President.

Mr Draper revealed the projected claims on the Exim Bank's credit insurance programmes while testifying to the House of Representatives Foreign Appropriations Subcommittee on Tuesday. He said that \$240m in claims had already been received and another \$500m were expected by the end of the fiscal year, in September. The claims were "concentrated largely in Mexico," which is by far the largest single country for U.S. exports. Argentina was another major problem country, he noted.

Mr Draper said that he expects most of the claims on the Exim Bank to be recovered in future years. "Many of them arise from transactions involving private buyers who will continue to remain in business. We also believe that governments will honour their obligations once they are again financially able to do so," he told the committee.

The Exim Bank has recently approved two new credit lines of \$100m each for Mexican exporters, "as part of the worldwide effort to help Mexico," Mr Draper said.

UK consortium wins Dubai oil concession

By Ray Daffer, Energy Editor

THREE UK oil exploration companies have been awarded promising drilling concessions in Dubai.

A consortium comprising Taylor Woodrow Energy, Cluff Oil and Saxon Oil has been granted a drilling licence covering an offshore area of 287 square kilometres (about 64,000 acres). The concession is located adjacent to the onshore licence area granted to British Petroleum last year.

The consortium has agreed to conduct a seismic survey of its concession over a nine-month period and to drill up to three wells during an optional two-year drilling phase. Taylor Woodrow will be the group's operator.

The Dubai Government said yesterday that further licences would be awarded in the near future.

Pakistan in market for \$110m-worth of aircraft

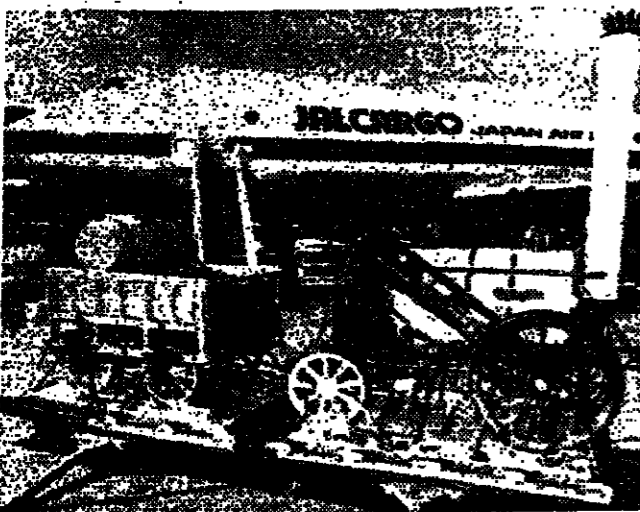
By Mohammed Aftab in Islamabad

PAKISTAN International Airlines is in the market for up to \$110m-worth of wide-bodied aircraft, with prospects of more twin-jet purchases later.

The airline is considering purchase of an Airbus A-300 and a DC-10 for its international routes to the Gulf and to the Middle East and Europe.

Because of a cash shortage the airline, according to the executive, may eventually decide to purchase second-hand aircraft instead of new ones as part of its replacement programme, but has not finally decided.

PIA's decision to begin its replacement programme, which will start with the purchase of six Boeing 707s and may include the purchase of up to four twin-jet aircraft in around two years' time, follows a major shake-up of the airline which came close to collapse in 1981.



Kathryn Davies reports on the background to the city states' proposed underground railway Singapore's \$5bn rapid transit bomb shelters

DOES SINGAPORE really need a mass rapid transit rail system; and does it really need to spend millions of dollars on bomb shelters?

These questions are not unrelated. In a recent announcement which has thrown both local and foreign engineering contractors into confusion, Mr Ong Teng Cheong, the Communications Minister, announced that a number of underground railway stations, currently on the drawing board for Singapore's MRT, will double as bomb shelters. Constructing them to be blast proof, said the minister, would cost an extra "few million dollars" on top of the \$55bn (\$2.7bn) already committed.

The main purpose of the MRT is to improve the mobility of Singapore's 2.4m residents, in particular its 1m citizens who commute from the city satellites to their places of work every day. The construction of the MRT will cause massive disruption over a planned eight-year period.

The Singapore cabinet had difficulty last year in making up its mind about the viability of an all-rail system. The final decision was reportedly taken on the evening vote of Prime Minister Lee Kuan Yew.

Feasibility studies going back to 1967 if not end of world have made up a sizeable



section of track for the new railway. Groups of U.S. and British consultants laboured over engineering designs, each, it was hoped, an improvement on its predecessors.

In 1980 a MRT review team, led by Mr Kenneth Hansen, was brought in from the U.S. His report said "our... preliminary evaluation of previous studies and our first-hand investigations of the current situation in Singapore strongly indicate that the case for building an MRT is not compelling." The MRT was found to be "at best a marginal investment for Singapore," Mr Hansen said.

The Hansen team report felt that an all-bus transit system linking outlying satellite towns by increased express services to the republic's central area would provide a comparable service to the rail-based MRT and at a lower cost. They also suggested a limited version of the MRT could include a single-line railway which would provide sufficient additional transport capacity up to 1982 and beyond.

After yet another review, the Hansen report was rejected. The Government said it considered that although its own MRT would cost more, as Hansen noted, his analysis was flawed in basing costs for the year 1992, the prospective completion date, on the prices of electricity and diesel in 1980.

Moreover, an all-bus system would reach saturation point by the 1990s. Estimates for the heavy-rail MRT together with a feeder bus system is thought likely to operate at only 50 per cent capacity in the early part of the next decade.

Singapore is rapidly living up to its reputation as a city state, as the remaining rural and semi-rural areas in the 600 square km island are swallowed by residential and industrial developments.

The rail configuration bisects the island with an east-west and north-south line which, with extensions, will run for 47 km and include 34 stations. One-third of the initial system, taking in 15

stations, will be built underground, close to the meeting point of the two lines below the central business district.

Some of Singapore's vast high-rise housing estates in the central northern area which amount to small townships will be the first to benefit from the new system. With only a few intervening stops, workers from Ang Mo Kio (population 245,000) and Toa Payoh (population 190,000) will be able to travel swiftly by underground to city hall and Raffles Place, close to Government offices, banks and to new hotels and shopping centres. Later Singaporeans from as far west as the industrial state of Jurong will

be able to travel to the centre and beyond, eventually to the new Changi airport.

Competition from literally hundreds of multinational engineering companies, often linking hands with local contractors, is fierce and will intensify when the unlikely are weeded out by the provisional Mass Rapid Transit Authority and tendering begins in earnest. Some 900 applications have been submitted for 11 civil engineering contracts and almost 600 for the 13 electrical and mechanical contracts. The civil works will consist of a set of track and one or two stations on a design and construct basis. The electrical and mechanical contracts are for rolling stock, signalling equipment and power transmission.

The initial capital cost of the MRT is to be borne by the Government, although when operational it is expected to be financially self-sufficient, with annual costs estimated at around \$35m. Singapore will raise the money by sales of parts of reclaimed land on its southern shores—in theory at least, there is enough money to be realised from the area, known as Marina South, to finance one and a half MRTs.

The Government is also naturally anxious to secure the most advantageous financial deals from contractors by way of favourable export credits.

This means Singapore will select the contractors who offer the best financial packages, even if this aspect is considered separately. In response a procession of high-level visitors, including Canada's Prime Minister Pierre Trudeau, top officials of the U.S. Eximbank, British Transport Secretary Mr David Howell, his Finnish counterpart Mr Esko Olli and innumerable senior executives from many an engineering head office, have turned MRT ambassadors in recent months, each promising support for their nationals bidding for pre-qualification. Competing countries like the U.S., Canada and Britain are wary of any attempt to offer interest rates lower than those agreed by OECD countries. They also fear that some of their competitors may offer an attractive mixture of "mixed credits"—aid plus export financing.

"It's dog eat dog," U.S. Eximbank can't compete with 4 per cent financing," grumbled one American engineer.

And now it seems the MRT is to play an important role in Singapore's civil defence preparations against an unspecified enemy. The necessary adaptations to survive a bomb attack won't come cheaply although it is unclear what the Government has in mind. But they will take up some slack in an economy now feeling the effects of world recession.

Short list of MRT contractors

By Kathryn Davies in Singapore

SOME 34 engineering companies, 22 of them joint ventures, bidding for the civil contracts for Singapore's mass rapid transit system (MRT), have been told that they have prequalified for a maximum of two of the 16 civil engineering contracts drawn up by MRT project consultants De Leuw Cather. The first two tenders will be called within the next few days.

The shortlist, reduced from an original 370 applicants from 23 countries, include the Japanese Tobishima Corporation and the Takenaka group with British consultants Mott Hay and Anderson, the Ohbayashi-Gumi and Okumura Companies, consultant Parsons Brinkerhoff, and the French company Dragages et Travaux Publics. Japanese contractors predominate.

The first phase of the US\$2.5bn MRT will be a north-south line connecting outlying townships with the central business district. It is estimated to cost in the region of US\$1bn. The announcement of the shortlist was held up for more than a week, partly because of the large number of applications received but also because of a belated decision by the Singapore Government to modify some of the underground MRT stations as bomb shelters.

Yugoslavia to improve air links

By David Buchan, East Europe Correspondent

YUGOSLAVIA is shopping between British, Dutch and Canadian airlines to buy \$18m worth of short-haul aircraft to improve air links with Sarajevo, the site of next February's Winter Olympic Games.

British Aerospace, Fokker of the Netherlands and de Havilland of Canada are the contenders for the sale to Bosnia-Herzegovina, the home republic of Sarajevo.

According to Mr Stjepan Domaciovic, the Bosnian transport minister, who visited the UK last week, the BAE bid to sell its twin-engine, 748 models is "most competitive," and a decision on the winner would be made at the end of this month.

The minister said the purchase of aircraft would be for an initial three aircraft worth around \$18m and possibly four more thereafter, turned on three factors: aircraft performance, price, and "most importantly" countertrade terms. Bosnia, like most of Yugoslavia, is strapped for hard currency and wants to pay for the aircraft partly in products from its engineering industry. Offer of this kind is not uncommon in the aircraft business.



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How to explain to your dog where his next meal's coming from.



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For more information, write to Mike Jones, Speedlink Marketing Officer, 222 Marylebone Road, London NW1 6JJ. Or telephone 01-262 3232 extension 5633.

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Put your business back on the rails.

Roger Taylor

Rocket flies: Not exactly new technology, but Stephenson's Rocket will be the main attraction at The Great Railway Exhibition in Osaka, Japan, later this month. The working full-scale replica, normally housed at the National Railway Museum, York, flew to Tokyo aboard a Japan Airlines 747 Freighter. Rocket will be under steam during the exhibition, which marks the opening of the new Osaka Railway Station, claimed to be the world's largest, and takes railways in the modern world as it's theme.

UK NEWS

Ballot setback may force new strategy by miners

BY JOHN LLOYD, LABOUR EDITOR

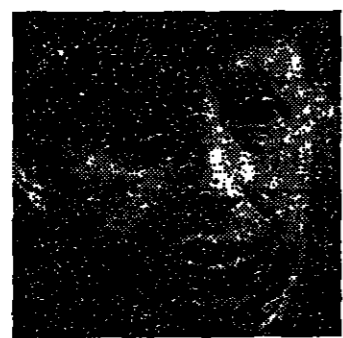
THE MINERWORKERS' union executive meets today to hear the result of a ballot which has brought a heavy defeat of its strike call, amid signs that some executive members may seek to enforce a change of strategy on the union leadership.

The result of the ballot which will be published today, now appears likely to be close to the 61.39 rejection recorded last November when the miners were faced with the twin issues of pay and closures.

While the actual presidency of Mr Arthur Scargill is unlikely to be challenged, his strategy - which has had the executive's support - is now seen as vulnerable.

This has consisted in interpreting the letter militant resolutions passed at the union's annual conference, and refusing to negotiate on the positions set by these resolutions with the National Coal Board.

Mr Trevor Bell, general secretary of the union's white collar branch Coss, and the leading right-winger on the executive, said last night: "We have now got to rethink our



Scargill: Unlikely to be challenged

strategy in view of what members have told us. "Although they voted a militant into office (Mr Scargill) they have not agreed to a militant strategy. We have got to start using our skill and not our muscle."

The 12 right-wingers on the executive managed to insist on a ballot vote at last week's special meeting, and have gained a measure of confidence. However, Mr Scargill is

likely to remain firmly in control, and it is thought that the dominant left group must itself decide on a change of course before a new posture is adopted.

A signal of possible rebellion came last night when it was revealed that a motion to the conference of the union's power workers' section in April calls on a disaffiliation of the group from the national union.

Mr Roy Otley, an executive member and general secretary of the power group - which includes technicians, craftsmen and winding men - said he did not believe the motion reflected disillusionment with Mr Scargill's leadership but that "a situation like the one we are just going through has led some people to think this way."

Underlying the power group's dissatisfaction, however, is a decision of last year's conference to integrate the separate groups into the miners' area organisation, a loss of independence to which many of them object.

Plea to boycott imported cement

By Michael Cassell

BRITISH cement manufacturers, alarmed at the prospect of a rising tide of cement imports, yesterday appealed to their customers not to purchase foreign supplies.

The appeal was accompanied by warnings that the quality of some foreign cement was not up to UK standards and that any large-scale increase in sales of imported products would threaten UK cement-making capacity.

The move, by the Cement Makers' Federation, is clearly designed to stem any significant surge in sales of foreign cement before it has time to get underway.

The federation's action follows the recent arrival of small shipments of West German cement and comes in the face of several other suggested import schemes.

Although UK cement prices have risen by only 7% per cent since early 1981, the average price in central London - customer location is an important element in the selling price - is now about £42 a tonne compared with around £35 a tonne for West German imports.

The Cement Makers' Federation said it deplored the arrival of imports and warned that, if foreign sales rose substantially, prospects for investment and employment in the industry would be threatened. Lost capacity, it added, would be difficult to replace and there was no certainty that foreign supplies would be available when demand improved.

Commander H. J. Pincock, director of the CMF, said that foreign cement was selling at lower prices because of lower energy costs and excess capacity. But he emphasised that UK manufacturers believed their prices were "fair and reasonable" in relation to overhead costs.

However, the indications are that Whitehall is taking a more cautious view at present, and a budget forecast of about £15bn would seem likely on the basis of yesterday's figures.

They show that revenue has been relatively buoyant with revenue received in the 11 months to February at £74.9bn, about 89 per cent of the total forecast for the year. At the same time last year 86 per cent of the total revenue eventually received had been paid.

On the other side of the account, expenditure up to February was running at a rather lower percentage of the forecast total compared with the same time last year.

Up to February, expenditure on supply services by central Government had been £10bn, or about 12 per cent below the forecast total for the year. This compares with a difference of £7.5bn between spending up to February last year and the final total for the year.

These figures might suggest an underspend of £1.5bn to £2bn this year. Nationalised industries also seem likely to borrow considerably less than the total allocated to them.

Provision made for borrowing by the nationalised industries in the coming financial year may be cut back, Mr Leon Brittan, chief secretary to the Treasury, disclosed in the House of Commons yesterday, when he opened a debate on the Government's public expenditure plans.

He explained that, since the public expenditure White Paper covering the years 1983-84 to 1985-86 was published at the start of February, there had been a number of changes in the circumstances of the nationalised industries.

Mr Brittan said: "The current outlook suggests that in the coming year (1983-84) the industries' requirements in aggregate may fall well below the external financing limits announced at the end of last year." He assured MPs: "This is something we shall watch closely."

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Surplus on invisible trade halved

BY OUR ECONOMICS CORRESPONDENT

THE GOVERNMENT'S estimate of Britain's current account surplus on the balance of payments last year has shrunk by £750m in the last fortnight to £3.9bn.

The fall is due to a more pessimistic view of the surplus on invisible trade, in the official balance of payments figures for 1982 published yesterday.

These show that the surplus on invisibles is now estimated to have almost halved since 1981 to a total for 1982 of £1.7bn.

The largest fall was in the balance of earnings from interest profit and dividends, reflecting the sharp increase in interest payments by UK banks in the last three months of the year. This was largely because of an increase in sterling deposits from overseas.

Earnings from overseas subsidiaries of British companies remained depressed as a result of the weak state of the world economy.

The full balance of payments figures also show a huge discrepancy of £4.6bn between the current account surplus and the capital and current outflows which should theoretically balance it.

In the final three months the figures even show a capital inflow to the UK. This is the opposite of what commonsense suggests should have been happening in view of the £1.3bn current account surplus for the period. The unexplained discrepancy in the final quarter amounted to £3bn.

This big gap, which compares with a "balancing item" of only £280m for the whole of 1981, casts considerable doubt on the accuracy of the figures.

The Central Statistical Office, which compiles the figures, commented yesterday: "At this stage information on capital movements is incomplete and there is an abnormally high balancing item."

There is some suggestion that banks and other institutions have not been reporting overseas capital transactions adequately.

Latest estimates suggest that the surplus on invisibles earnings in the second half of the year was only £685m compared with a provisional estimate of £1.3bn published two weeks ago, when the current account surplus was put at £4.7bn for 1982 as a whole.

For the year as a whole the deficit on sea transport (dry cargoes)

rose by 75 per cent to £870m, largely because of adverse movements in prices.

The deficit on travel rose by £100m to £408m, but the surplus earned on financial and other services rose to £5bn compared with £4.85bn in 1981.

In the House of Commons yesterday Mr Edward du Cann (Conservative) called for the contraction of Britain's manufacturing industry to be halted. While welcoming the progress made in limiting the rise in public expenditure he insisted that a great deal more still needed to be done, particularly in relation to the Government machine and its appendages.

"I believe it to be the fact that the Government has failed to do more than just sit at the bureau economic medicine it has poured down the throats of the rest of us," he said.

Mr Peter Shore, Labour's Shadow Chancellor, accused Mr Leon Brittan, Treasury Secretary of astonishing complacency in facing a situation where the ruins of the Government's economic strategy lay all around him.

The claims by ministers that control of public expenditure and public

servatives warned that they would not co-operate with the fact-finding of Mr Nils Haagerup, the Danish Liberal who will draft the committee's report.

Sir Henry Plumb, the British Conservative leader, said the only redeeming feature was the re-affirmation that the Parliament had no competence to consider Northern Ireland's constitutional position.

The inquiries will be into the bus maintenance operations of London Transport, the merchant shipping activities of British Shipbuilding, and into an aspect of the Post Office's operations.

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No Polly Peck inquiry by UK Government

BY CHARLES BATCHELOR

THE UK Government does not intend to investigate Polly Peck (Holdings), the fruit packing group controlled by Mr Asil Nadir, Consumer Affairs Minister, Dr Gerard Vaughan, told Parliament in a written reply.

The shares of Polly Peck and two other of Mr Nadir's companies, Cornwell Dresses and Wearwell, have fallen sharply during the past fortnight. This followed the Cyprus Government's call for a probe into Polly Peck's activities in Cyprus and uncertainties about the length of a tax holiday it had been granted.

The shares rose £2.50 yesterday to £19, against a low of £10 and the £32.50 level on February 21, the start of the last stock exchange account period.

Labour MP Mr Arthur Lewis had asked whether the Government was investigating the alleged failure of the Polly Peck and Wearwell directors to divulge full information on the company's affairs to shareholders.

Dr Vaughan said: "There are currently no grounds for investigations under section 165 of the Companies Act 1948, although the company's liability for overseas tax is at present uncertain."

"The indications are that when the company's annual report and accounts for 1982 were sent to shareholders recently the directors had reasonable grounds for believing that no such liability existed."

Messrs, one of the leading dealers in the group's shares, said: "What we are seeing happening is that one after another the uncertainties are being resolved. We believe confidence will be rebuilt."

Borrowing may undershoot target by £2bn says Treasury

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PUBLIC BORROWING seems set to undershoot its target by £1bn to £2bn in the present financial year, according to the latest official indications.

The Treasury's estimate for the central Government Borrowing Requirement (CGBR) in February, published yesterday showed a total of £9.83bn in the 11 months to February.

This compares with an autumn forecast that the full year's public sector borrowing requirement (PSBR) would be £9bn for the full financial year. The forecast at the last budget was £9.5bn.

In the final month of the year it is expected that local authorities and nationalised industries will make substantial net repayments and thus depress the PSBR total.

Some City of London analysts and independent forecasters, including the London Business School's centre for economic forecasting, have predicted a PSBR of only about £7.5bn for the financial year 1982-83.

These figures might suggest an underspend of £1.5bn to £2bn this year. Nationalised industries also seem likely to borrow considerably less than the total allocated to them.

Provision made for borrowing by the nationalised industries in the coming financial year may be cut back, Mr Leon Brittan, chief secretary to the Treasury, disclosed in the House of Commons yesterday, when he opened a debate on the Government's public expenditure plans.

He explained that, since the public expenditure White Paper covering the years 1983-84 to 1985-86 was published at the start of February, there had been a number of changes in the circumstances of the nationalised industries.

Mr Brittan said: "The current outlook suggests that in the coming year (1983-84) the industries' requirements in aggregate may fall well below the external financing limits announced at the end of last year." He assured MPs: "This is something we shall watch closely."

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Dockers at Tilbury to strike

Financial Times Reporter

DOCKERS in the enclosed docks in London have voted to strike from Monday. A mass meeting yesterday in Tilbury voted by 4-1 majority to take action over a claim for parity of basic pay with white collar staff employed by the Port of London Authority (PLA).

The basic pay for dockers at present is £106.50p. The grade 5 staff, with whom they want parity, have a basic wage of £134.50p. Dockers however, receive a skill differential, bonus and overtime payments which take them above the take home pay of the staff.

Dockers claim, however, that they want parity to bring them into the Port of London Authority's graded and career structure.

The inquiry team, of Mr Anthony Colman QC and Mr Stephen Hailley of Arthur Andersen and Co, were examining the affair under four main terms of reference. They were required by Lloyd's to examine:

● All quota share stop loss, excess of loss and other reinsurance giving rise to material premiums transacted directly or indirectly with Fidentia by Lloyd's syndicates numbered 89, 85, 88, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 5



Announcing a £1 billion training scheme to help put British business back on its feet.

Bewildered, battered and bloodied, the British business man and woman deserve something more than yet another patch-and-mend temporary stop-gap remedy.

We need a basic reconstruction of the way industry operates—especially training.

The new Youth Training Scheme is a vital foundation for that task.

It is a carefully planned, practical and permanent scheme to ensure that we create a work force for the future.

A work force capable of coping with the basic needs of every employer.

Here's how it works. All 16 year old school-leavers qualify as do some others. They will all get 12 months of training and practical experience.

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Of course, you'll want more details before committing your company to the

scheme. That's what the coupon and the phone number are for.

But one thing can be spelled out now. Without your help, we can't run the scheme.

With it, we can create the trained, competent young people to give this country the injection of energy, talent and ability it so sorely needs and which you have been looking for.

We have the budget to make the new Youth Training Scheme work – if you have the will. You need to do it today.

Before you're knocked flat on your back.

For further information simply dial 100 and ask for "Freefone Moorfoot" Mon-Fri 8.30 am - 6.00 pm or fill in the coupon.

To: Youth Training Scheme, Room E721,
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UK NEWS

Heseltine takes heart from Kohl victory

By John Hunt

MR MICHAEL HESELTINE, the Defence Secretary, yesterday argued that Herr Helmut Kohl's victory in the West German election would help the Conservatives in putting across their defence policy in the British general election.

"When you take the argument in the round it seems to me that the strength behind the Government's case is overwhelming," he told journalists at a Westminster lunch.

He said predictions that the stationing of cruise and Pershing missiles would result in a big swing against Herr Kohl have not been borne out. The highly publicised debate on defence in Germany did not seem to have made a great deal of difference.

From this he inferred that public opinion in Britain would not move very substantially from its present position on defence issues. In fact, he thought it was difficult to find an area of public debate where the Government had such an advantage and Labour such a disadvantage as on defence policy.

He quoted from a Nato defence agreement which Mr Fred Mulley had signed when he was Defence Secretary in the last Labour Government just before the 1979 general election. This agreed that "it would be necessary to maintain and modernise theatre nuclear forces."

Mr Heseltine said it was inconceivable that the Labour Government could have entered into such an agreement without the approval of a Cabinet committee, including Mr James Callaghan, the Prime Minister of the day. Mr Denis Healey and Dr David Owen, who is now a member of the Social Democratic Party.

He maintained that the public had made it clear that a large majority wanted Britain to have an independent nuclear deterrent.

"There is no way in my job that you can gamble," he said. "There is no way the Government will change its basic position on security and deterrents."

Opel aims to increase European sales by 15%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

OPEL, the General Motors subsidiary, aims to sell 1.1m cars in Europe in 1983, up 15 per cent from the 955,234 last year, said Mr Ferdinand Beickler, chairman and managing director, at a vice president of GM, at the Geneva Motor Show yesterday.

This would raise its European car market share, which went up from 8.3 per cent to 9.8 per cent in 1982, to more than 11 per cent.

A key element in growth, is the S Car, built at GM's new facility in Saragossa, in Spain, and sold on the Continent as the Opel Corsa. It will go on sale in the UK as the Vauxhall Nova.

The S Car project, which took GM into the small car business for the first time, is absorbing a major part of the group's U.S. \$5.8bn investment programme for 1980 to 1984.

Mr Beickler said Opel expected

sales of S Cars this year to be 200,000 and for the vehicle to take 8 per cent of the European small car market where total sales are around 2.5m a year.

He referred to attempts by unions in Britain to exclude the S Car and to suggestions that the British Government might act unilaterally against Spanish car imports.

Earlier this week, transport union workers at Vauxhall, Ellesmere Port in Cheshire voted to lift their ban on the car, but engineering workers at the plant have still to give their verdict.

"I would like to express my deep concern about the new wave of narrow-mindedness, and one-sided national thinking which is a number of politicians and other interest groups want to tackle today's economic problems," Mr Beickler said.

Mr John Bagshaw, who heads

Vauxhall's car operations in Britain, said yesterday his company expects to sell around 2,700 Novas this year, following a launch in mid-May, and 50,000 in 1984 to give the car a market share of around 2 per cent.

Opel predicts that the total European car market this year will remain virtually unchanged at just under 10m, but will start to rise again next year to reach 11.5m by 1985, and 13m by 1990.

A gradual reduction in Spain's high car import tariffs would not give Austin Rover, BL's volume car subsidiary, much help in building up its minimal sales there, according to Mr Mark Snowden, joint managing director, commercial.

Austin Rover sold only 1,200 cars in Spain last year, and, unless there is any major change in the tariff, expects that to increase to about 2,000 in 1983.

Opticians' charges show wide disparity

PRIVATE spectacle prices charged by opticians show huge differences with some opticians charging twice as much as others for making up the same prescription and frame specifications.

A Consumers' Association survey has found that in one instance there was a difference of £29 in the price quoted by London opticians for a pair of spectacles with an average price tag of £73.

The cheapest estimate in that range was £44 and the highest £163 for the same prescription and frame.

The association wants opticians to be allowed to advertise, but it wants the Government to look at medical evidence before introducing over-the-counter sales of spectacles by non-opticians.

Tax warning

ABOUT 500,000 tax assessments by the Inland Revenue every year are wrong, and one in every 10 Pay-As-You-Earn codings is wrong, according to the Which? tax saving guide published by the Consumers' Association today.

A third of the assessment errors are corrected by the taxman but the rest are not. "If you do not check your tax bill you may never discover what the taxman owes you," the guide says.

Strike halts Ford

ESCORT car production at the Ford works on Merseyside was at a standstill yesterday. Three thousand workers are on unofficial strike over a management decision to discipline a worker for allegedly causing malicious damage.

Nil wage rise

FIVE THOUSAND production workers at the Perkins diesel engine plant in Peterborough, have been told there will be no pay rise this year until engine sales improve.

BL pledge on Honda venture

BY OUR MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, BL's volume car subsidiary, has given informal assurances to other European car manufacturers that the vehicles it will produce in the UK as part of its joint venture with Honda of Japan to make an executive car, code-named XX, will have a minimum of 80 per cent British content.

Rumblings of discontent among BL's European rivals about the joint project appear to be growing louder as the deal gets closer to completion.

One of the most outspoken critics of the arrangement, Mr Bernard Hannon, president of the Renault group of France, said at the Geneva Motor Show yesterday: "European manufacturers should not become Trojan horses to allow the Japanese to enter the UK market."

He insisted that the appearance of XX in the European markets would create problems. "If the local content is less than 75 to 80 per cent, those cars will be Japanese, and should be treated as such."

In France, Japanese car sales are restricted to 3 per cent of the market by an unofficial restriction on shipments by the Japanese. In Italy, the total is kept to about 2,000 a year, while in Britain an understanding between the UK and Japanese industries keeps the Japanese market share under 11 per cent.

M. Pierre Tiberghien, head of Renault's car division, insisted yesterday that the Triumph Acclaim, made by Austin Rover under licence from Honda, was of 65 per cent Japanese content and, therefore, a Japanese car. "We have not made a fuss about the Acclaim, but that would not be the case with XX," Austin Rover maintains that the UK content of the Acclaim is over 70 per cent.

The 80 per cent local content,

measured by ex-factory value, aimed at by Austin Rover would apply to both versions of XX - one is likely to replace the current Rover Saloon, the other will be a Honda-badged car.

However, the whole picture would change if Nissan, the Datsun group, was allowed to set up a car production plant in the UK and have a much lower local content - 60 per cent has been mentioned - in its cars. In that case, Austin Rover would be forced to switch to sourcing much more in the Far East, in order to compete with Nissan.

The engineering and design contract between Austin Rover and Honda is likely to be signed next month. Austin Rover will not have to approach the European Commission with formal notification of local (that is, European) content intentions until a manufacturing agreement is signed.

John Griffiths on a plea from industrialists in a world market

Car parts companies seek bankers' aid

ONE of the least documented UK industries, operating in a £112bn-a-year global market and with 1982 exports of nearly £2bn, has sought a better understanding of its problems from the UK banking system.

Nearly 100 bankers attended a seminar at London's Barbican Centre, organised as part of Antipar '83, the UK trade exhibition aimed specifically at the automotive parts and accessories industry.

It is an industry led by £340m-a-year turnover operations such as Unipart, BL's parts and accessories division. It contains, however, at least 2,000 companies of much smaller size, many of which are seeking to tap fast-growing but fiercely competitive export markets.

It is also an industry under pressure. Its total estimated exports last year compared well with the £2,060m recorded in 1981 given the strength of sterling - but its hold on the UK parts and accessories market, worth an estimated £2.5bn-a-year, slipped, with imports rising from £1.2bn to £1.5bn.

That partly reflects the strength of imports in the UK car market. They account for about 55 per cent of total sales.

Speakers, from Mr John Neill, Unipart's chairman and managing director, to Mr Martin Stanbrook, managing director of Sedan International, a parts and accessories maker which survived severe financial difficulties several months ago, stressed that the fortunes of UK parts and accessories makers are no longer necessarily tied to that of

the UK car manufacturing industry itself.

For the larger suppliers and distributors, Mr Neill said the world motor industry had become a "spider's web" of collaborative arrangements, ranging from joint car designs and research down to simple component exchanges.

He continued: "What has happened with components will happen with replacement parts. Why should vehicle makers look up millions of pounds on computers, warehousing and distribution facilities, if they can sub-contract the whole of their parts operations to a specialist company which could do the job better, more cost-effectively and still ensure them a full margin of profit?"

Mr Neill was speaking for one of

the few large UK suppliers which were profitable in 1982, and which is self-financing.

Smaller suppliers also believe that, within such a structure change, substantial opportunities exist, given a more understanding approach by financiers.

A major factor in their thinking is the emergence of the "world car" - similar models built in all the major world markets.

Thus, while in the past a small UK accessory maker might have made parts for, say, a Morris Ital sold mainly in the UK, similar parts for the Ford Escort have a potential market spanning the world.

Many of the ideas for car accessories spring from the smallest makers and the underlying criticism put to bankers was that the banks

were far too cautious in providing venture capital either for expansion or the introduction of new products.

Mr Stanbrook told the seminar: "If you in the banking profession are not just going to pay lip service to the claim that you do provide a percentage of high-risk capital, then advertising the odd success story of a small entrepreneur made good is not enough."

He said he could not understand why the banks "put themselves into the position where they could lose hundreds of millions of pounds, as with the Mexican oil industry, yet expect their UK-based managerial system to bring down the wrath from on high when British manufacturers suffer temporary hiccups."

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All this, and generous Development incentives.
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DESIGN FOR PROFIT SEMINARS.

The Department of Industry and the Design Council have organised a series of seminars on Design for Profit.

Government and Design Council schemes which can help companies with their design problems, at little or no cost, will be explained. And case studies of manufacturers whose design policy has been the key to improving company profits will be discussed.

Leading designers and manufacturers will illustrate the contribution design can make to successful product development and improvement.

Mr John Butcher, Parliamentary Under Secretary of State of the Department of Industry, or another Government Minister, will speak at these seminars - and will be available for discussion.

The seminars will be hosted by Brian Redhead, the presenter of BBC's "Today" radio programme.

The cost of each Seminar will be £10 inclusive VAT, morning coffee, and buffet lunch.

The dates and locations for the seminars are as follows:-

16 March	Newcastle
14 April	Warrington
5 May	Bristol
19 May	Melton Mowbray
7 June	Leeds
16 June	Maidenhead
30 June	Middlesbrough
7 July	Cardiff
8 September	East Anglia
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Cruising to peace on troubled waters

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE BRITISH and Soviet companies selling holiday cruises have now had discussions over British claims that the Soviets have grabbed a high share of the market at low prices.

As a result, CTC Lines, which runs the Soviet ships, has said it will reduce 1984 capacity on offer to British passengers.

P&O Cruises, which has taken the strongest line against CTC, will see how the latter's brochure for next year looks when published in around four weeks.

Cruising is not cheap but companies have invested heavily in new ships, and many Europeans and Americans seem willing to pay high prices for luxury voyages.

At £975 and more for 13 nights on a typical P&O cruise in the Mediterranean, luxury is well in evidence.

The Cunard brochure for the QE2 says: "Not your style? Don't believe it. QE2 may have everything but then doesn't make her stuffy."

CTC calls the Mikhail Lermontov, refitted at a cost of £11m, both "the ultimate in cruising comfort" and "a complete holiday centre."

Two weeks on that ship round the Mediterranean in late July and early August costs from £485 for an inside four-berth cabin to £905 and slightly more per person for a two-berth cabin.

The main western cruising market is the U.S., especially in the Caribbean. It is for the U.S. market that P&O is paying \$150m for a streamlined new ship from Wärtsilä of Finland.

This and four other cruise ships under construction add up to \$700m of investment.

Last year, cruising out of the UK dipped sharply as the QE2 and P&O's Canberra and Uganda were pressed into Falklands war service. P&O had claimed Soviet ships

would take much of the market but only 300 or so passengers actually switched to CTC, which stated indignantly that it did not pirate people from the UK lines or intensify its marketing.

Passengers booked on cruises from UK ports were down 32,500 last year from 64,300 in 1981. A further 22,600 UK residents took fly-cruises from foreign ports compared with 19,300 the previous year. The fly-cruise market is worth some £20m on top of that from UK ports.

The UK companies argue that CTC has boosted its market share from 14 per cent (13,130 berths) in 1980 to 26 per cent (21,400) last year, but CTC counters that some 40 per cent of its business comes from continental passengers joining at Rotterdam.

Mr Eric Phippin, a CTC director, feels the British companies are thrashing about needlessly in their anxiety over Soviet penetration.

The UK operators, notably P&O, are sceptical. Even allowing for the continental share, they still feel CTC has pushed deep into the market. So there will be more talks when the 1984 plans are out.

Meanwhile, the UK companies are fairly sanguine. QE2 bookings, for example, are well up, says Mr Bernard Crisp, Cunard's marketing director.

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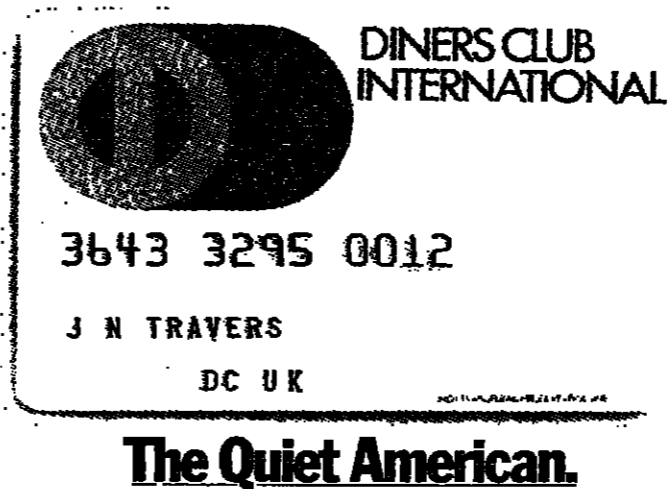
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TECHNOLOGY

SOUTH-EAST GEOLOGY WOULD SUIT RADWASTE, STUDY SUGGESTS

PWR wastes could be buried safely

BY DAVID FISHLOCK, SCIENCE EDITOR

THE MAIN bulk of radioactive wastes from a programme of pressurised water reactors can be buried safely in shallow repositories, probably in the clay deposits that streak the geology of south-east England. This is the conclusion of a preliminary study of the radiological impact of burying intermediate-level wastes from PWRs.

No potential British site for such a repository has yet been identified. But NIREX, the nuclear industry consortium responsible for radwaste disposal, is expected to name potential sites shortly, perhaps later this year. Its plans call for Britain's first permanent radwaste repository, for intermediate-level wastes, to be commissioned in the late-1990s.

Sensitivity

Ms Marion Hill co-author of the study, published today by the National Radiological Protection Board, says that they found no need for NIREX, on radiological grounds, to go deeper than 20 metres in burying this kind of waste. Nor did the study turn up any surprises that might require NIREX to increase its estimated costs. But a sensitivity analysis still proceeding will give more confidence to the conclusion on costs.

The PWR produces about six times as much intermediate-level waste as the advanced gas-cooled reactors Britain is operating and installing today. These wastes include ion-exchange resins and filters, used to treat coolants and liquid effluents, and concentrates and sludges arising from effluent treatment.

The NRPB estimates the annual arisings from a 1,200 MW PWR at 30 cubic metres of high-activity resins, 15 cu metres of low-activity resins, 10 cu metres of concentrates and sludges; and 4 cu metres of filters, a total of 59 cu metres of intermediate-level wastes.

It assumes that this waste will be immobilised "in preparation for burial" that is, it will be grouted into cement (or possibly polyester). If 200-litre steel drums are used as the basic container, this suggests a total of 140,000 drums will need to be buried during the 40-year lifespan of a programme of 12 PWRs.

The accompanying sketch shows the kind of repository envisaged. The burial trenches are 110 ft in length and seven metres wide, and will be needed to accommodate all the drums. This suggests a total site area of about 50 hectares (125 acres). Each trench is expected to be lined with concrete and filled with drums of waste to a depth of 11 metres below the surface of the ground. Gaps between the drums will be filled with cement to form a solid deposit of radwaste.

The NRPB study concludes that intermediate-level PWR waste, if buried in such a repository, will remain a significant health hazard for only about 150 years. "Had we come out with very long times, we'd have thought twice about this method of disposal," Ms Hill says. The main risk should the site be inadvertently excavated, is caesium-137.

Winfrith, in Dorset, has been designated the research and development centre for intermediate-level radwaste by the UK Atomic Energy Authority. Of a total budget of £37m this year, Winfrith expects to spend £2.5m on radwaste R and D. Four-fifths of it is being funded by the Department of the Environment and British Nuclear Fuels.

Facilities adjoining the abandoned Dragon experimental high-temperature reactor, formerly used to make its fuel, have been converted to a cementation laboratory run by Dr Michael Price. Its main role is to perfect techniques of cementation—up to pilot-plant scale—for all types of low and intermediate level radwaste arising from nuclear activities in Britain. Alternatives to cement are studied, too, including bitumen and polymers—"far more expensive," Dr Price says.

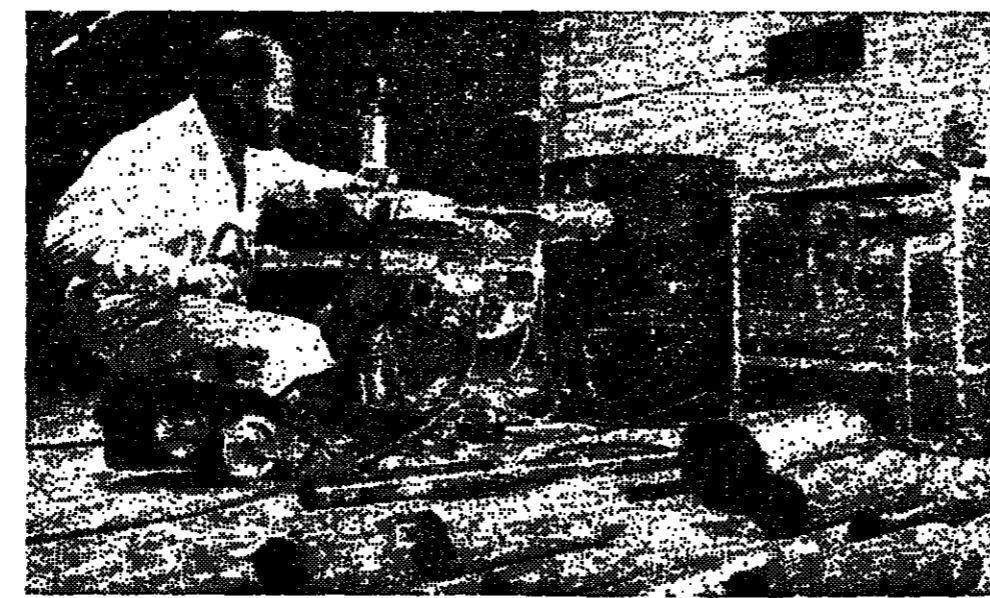
Reaction

The laboratory is exploring all stages of mixing and hardening, and the destructive testing of immobilised radwastes. The accompanying photograph shows how a diamond-impregnated core drill is used to extract a core of radwaste from the heart of a 200-litre drum. Such cores are needed to ensure any chemical reaction between cement and radwaste as the cement is setting. They also demonstrate the efficiency of grouting—for example, how well cement has penetrated into the fins of the cladding peeled from Magnox fuel.

Cementing

Dr Price is studying the implications of any change to a larger drum. He expects Nirex to want to change to a 500-litre package as the arisings of intermediate-level radwaste increase. A still bigger package of radwaste he has begun to study is the "box" envisaged for bits of a decommissioned nuclear reactor. Present plans of the UKAEA, concerning the dismantling of its Windscale AGR, propose cementing the bits into 50-tonne boxes. But Winfrith is looking at the problems of casting boxes as big as 120 tonnes.

Further ahead lie the possibilities of developing much stronger cements. Cements with the strength of teeth and other top-strength living materials can now be made in the laboratory, a Royal Society



A diamond impregnated core drill extracts a sample from the heart of a 200 litre drum of solid cement at the Radwaste Cementation Laboratory, Winfrith Atomic Energy Establishment. Below: the diagram shows the study's suggestion on burying reactor wastes

conference was told last month.

These "super-cements" were the subject of a packed meeting which drew several hundred scientists from such companies as ICI, Dupont and Tube Investments. A scientist with one U.S. aerospace group suggested that artificial intelligence would prove the key to wide acceptance of super-cements in the 1990s. Dr J. P. Skalny from Martin Marietta Laboratories in Baltimore said it would need advanced computer technology—the so-called expert systems—to allow engineers to use a large data bank efficiently to formulate a cement recipe for any particular task.

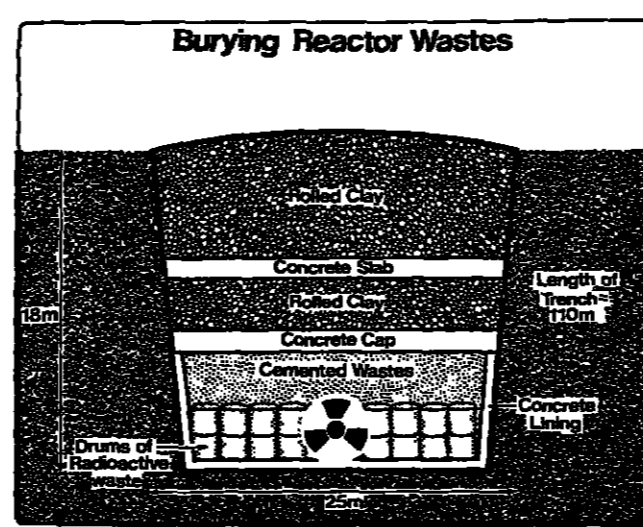
With such systems to aid designers and engineers exploit super-cements, he foresees a revolution in cement technology, and a much more sophisticated generation of cement technologists.

Prof. Sir Peter Hirsch, chairman of the UKAEA, introducing the meeting said that the last five-10 years had seen significant advances in fundamental understanding of the physics and chemistry of cement. Various recipes were available for cements with "much improved properties."

Stronger

Still more important, the meeting would help promote the very difficult process of the transfer of technological advances in cement. Sir Peter said. He estimated cement manufacture worldwide at "close to 1bn tonnes per year."

Dr Duncan Pomeroy, of the Cement and Concrete Association, claimed that ordinary cements were 50 per cent stronger than 20 years ago. He showed how they were robust



enough to fabricate such articles as thin canopies to insulate noisy machinery, beds for machine tools, and base-plates for domestic electronics.

Introduction

But the heart of the meeting lay in super-cements with properties akin to strong plastics, that can be fashioned by polymer technology. The secret of such cements lies in the introduction of small amounts of polymer. Dr Derek Birchall, of ICI's Mond Division laboratories at Runcorn, has shown how such cements can be fashioned into such unlikely items as a large coiled spring. The key is the way polymer additions and novel methods of working the "dough" of cement can virtually eradicate pores from the material and turn it

into super-cement.

Dr Birchall said ICI has a European patent on the plasticiser it had discovered, but was willing to discuss the innovation with parties interested in using the technology.

* Radiological protection aspects of shallow land burial of PWR operating wastes. By A. V. Pinner and M. D. Hill. NRPB-R 138. SO 24.

FRACTURE COSTS IN THE U.S.

Report highlights \$117bn annual bill

BY MAX COMMANDER

MATERIAL fractures in metals, the "119bn tab" for fracture, and its prevention amounted to about four per cent of the U.S. gross national product, with the most significant costs incurred in the manufacturing, transportation and construction industries.

The report suggests that in a review of 150 sectors of the U.S. economy, motor vehicles, residential and non-residential construction and aircraft and parts topped the list of areas which were paying for fractures or prevention, but of the total cost of bulk fracture about 80 per cent was associated with prevention rather than actual breakage. These large costs were attributed to the big safety factors to allow for material variability and fabrication process flaws and the need to maintain and repair equipment and safety during service.

The Battelle study considered such fractures as within wood, glass and plastics and alloys, inorganic materials such as glass, concrete and ceramics and looked at brittle fracture, ductile rupture, fatigue, creep and thermal shock.

The Battelle study team looked not only at the cost of structural failures due to fracture but also the costs resulting from pain to operators, injury, death and medical treatment to victims, business delays and property damage, insurance administration, "environmental clean-ups" and possible prevention through better design and construction. Battelle's assessment was that

materials would help avoid the necessary over-design of parts and thus save weight and cost. The report identifies space and medical technology as best in dealing with fracture control but suggests that better education, the establishment of mechanical property data banks, and modernisation of standards, codes and practices could help to reduce fracture costs by another 24 per cent a year. "If manufacturers understood how and why fractures occur in various materials and structures they could take steps to reduce the causes."

The fracture study, which will be published in two volumes, concludes that the use of the present best available technology, and the results of present research would probably not reduce the remaining 47 per cent of fracture related costs, but the cost could be cut back by fundamental research breakthrough, allied with basic research on crack initiation and growth, which might lead to the development of fracture resistant materials.

The full report, "The Economic Effects of Fracture in the United States," will shortly be available from the U.S. Government Printing Office. Pre-prints of the National Bureau of Standards summary are available from Collier Smith, Division 8602, NBS, Boulder, Colorado, 80303 (Tel. 303-497 3188). Battelle is at Columbus, Ohio (Helen Zeldin, 614 424 7728), but the company has a London office, the Battelle Institute (Ms Renate Siebrasse, 15, Hanover Square, W1A 0BA).

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A REAL time commodity prices monitor has been launched by Unicom News, a joint venture between United Press International and Commodity News Services.

The system, called Unicom 11, has taken 18 months and £125m to develop and test. It is aimed at futures traders and companies involved in commodity trading. More details about the system can be obtained on 01-535 1257.

COST OF SCRAPPING 23m UTILITY METERS

Replacement would 'not be justified'

ACCORDING TO the marketing director of the Milton Keynes company, Immediate Business Systems, David Tompsett, "the enormous cost of scrapping 23m existing utility meters and replacing them with Calm or Mansborne (terms for two way signalling cannot be justified, whatever proponents claim."

The two systems he mentions (this page, February 25), would use new kinds of meters to send the quarterly consumption figure automatically to supply boards' headquarter computers, at the same time displaying data to the consumer. The first uses a phone line, the second the

main wiring itself to send the data.

Signals sent in the opposite direction could also allow electricity supply authorities to disconnect certain consumer loads (on an agreed reduced tariff basis) so as to "top" peak demand and obviate the switch-in of extra generating plant that is relatively expensive to run. Tompsett thinks the load control function would be best carried out by the proposed Radio Four nationwide one-way transmission system called Radio Teleswitch.

The remote meter reading developments, he believes, are

"very unlikely to lead to many applications for at least 15 years, by which time two generations of immediate billing systems will have come and gone."

IBS has been set up to make just such a "on the spot" portable billing machine or PBM. Worn on the shoulder and weighing 4.5 kg, the unit has a keyboard into which the meter reader keys the readings, he takes from the meter. Then, the unit prints out a bill on the doorstep. The bill is paid through the post in the usual way.

The unit contains account details of the customers to be

visited that day (about 200) and if the householder is not at home, it will produce an estimated bill. At the day's end, the contents of the PBM's memory are emptied into the supply authority's mainframe computer to update the accounts.

The system yields considerable savings in account preparation in the office and in postage, and obviously also means that the supplied product is paid for more quickly. It has been on trial with the South of Scotland Electricity Board for some time.

Tompsett concludes: "Once it has been accepted that meter readers will continue to read meters (and at the same time check for fraud and safety and act as the utility's ambassador), then the proper approach is to use more modern information technology to add value to their activities. This is what our system does."

GEOFFREY CHARLISH

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FOLLOWING its success with the 3605 private viewdata terminal with systems like the BL stock locator and Thompson's TOP holiday booking system, Philips Business Systems has developed a new colour terminal, the 3607, based on the Mullard "Lucy" chip.

The new terminal can connect directly into computer lines and internal telephone systems. It has a 16-page memory, allowing the user to edit material on the screen without being connected to any system, and pages can be printed out or recorded on audio tape—any low-cost cassette recorder can be used. The user can pick out those pages he frequently uses and programme them into the terminal under number one to nine. Those pages can then be accessed directly, printed out, recorded or kept.

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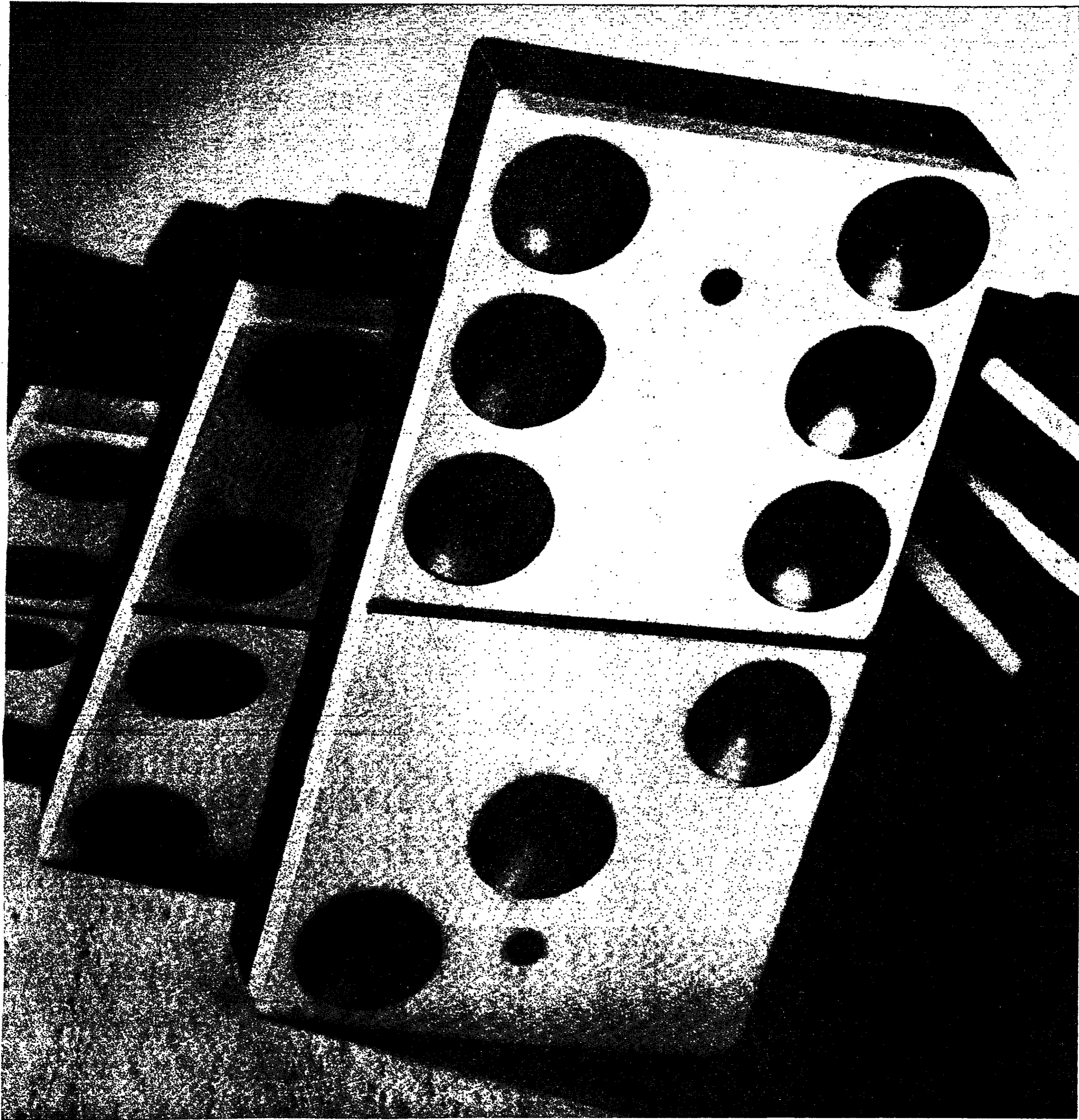
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THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

SCHICK distributed its razors through a cutlery wholesaler and changed the shaving habits of a nation. Wells shunned traditional supermarket outlets for shampoo, designed its product as a "beauty aid," and sold it via drug stores and beauty parlours. MacDonald's abandoned its U.S. strategy of putting eateries in the suburbs and concentrated on teaming city centres.

Such are the unconventional distribution strategies and marketing adopted by those Western companies which have been particularly successful in penetrating the supposedly impermeable Japanese market. Each of them has looked at all the well-known obstacles as a creative challenge—and come up trumps.

The ability to be creative in attacking the Japanese market is one of three key success factors cited in a wide-ranging new study by McKinsey and Co, the international management consultancy, in collaboration with the U.S.-Japan Trade Study Group. Called "Japan: Obstacles and Opportunities," it is a veritable goldmine of information on how leading Western companies (mostly U.S.) have broken into Japan and of advice on how others might emulate or better their example.

Exporters and investors are being needlessly discouraged by misleading assumptions about Japan's business prowess, says McKinsey, and about the much-discussed problems of market entry. Not only is the market less controlled than is popularly believed (on counts, according to McKinsey it compares well with France and even West Germany), but U.S. penetration is already greater than generally thought, only 7 per cent of the major sectors of the market for manufactured goods have no strong U.S. presence, for example, although most service sectors are relatively untapped as yet.

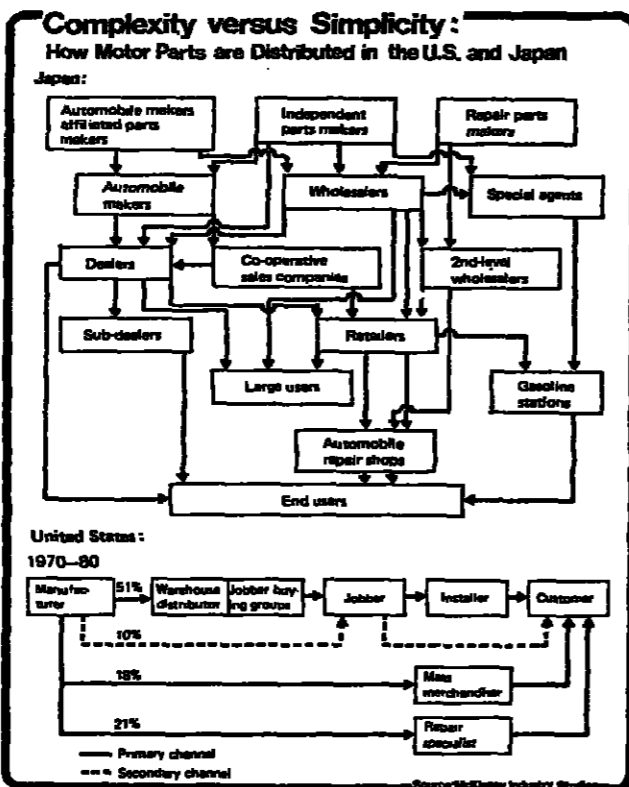
Much of the fault for U.S. failures in the Japanese market lies with the Americans themselves, the study suggests. Some lack the single most critical success factor of all: long-term commitment to their operations in Japan. And, as well as creativity, some also lack what the authors of the report call "competitiveness," in the sense of being prepared to take a market lead and finding the right local partners.

The study abounds with nuggets of exemplary information about the roads to success and failure in Japan. Take the extraordinary gaffes made by a host of U.S. companies, in failing to tailor products (sometimes literally) to the preferences and peculiarities of the Japanese.

"American merchandisers push such products as: over-size cars with left-hand drive; devices which measure in inches; appliances not adapted to lower voltage and frequencies; office equipment without

How to reach the Japanese consumer

Christopher Lorenz on a new study which calls for "creative competitiveness"



kanji capabilities (Chinese characters on a typewriter); clothes not cut to smaller dimensions; ketchup that isn't runny; hamburger meat that isn't fatty and mayonnaise that isn't salty.

Companies which are disappointed in such misguided efforts tend to view Japanese consumers' rejection of their products "as a reflection of xenophobia instead of their own short-sightedness in not responding to the customer's special needs," claim the authors.

Frivolous examples of this sort abound, the study suggests. Altogether more weighty is the common complaint that the whole Japanese distribution system is biased against foreign companies and, therefore, constitutes one of the greatest non-tariff barriers of all.

To this the authors reply that the system is already undergoing a major change which is throwing up new opportunities

for entrepreneurial companies, be they Japanese or American. It is true that the way in which products reach the ultimate user in Japan is one of the most perplexing and convoluted in the world, McKinsey concedes. As the illustration demonstrates all too vividly, primary, secondary and even tertiary wholesalers play a far greater role in Japanese distribution than in most other countries.

A low employment average applies not only to retailing, but also to a high proportion of manufacturing companies, and even, according to MITI statistics, to the capital intensive automotive, steel and chemicals industries.

Because of their own small size and limited resources, manufacturers look to wholesalers for help in many areas, say the authors, including finance. "The multilayered process, involving two or more

middlemen," says the study, "is largely a financing operation in disguise," one in which large wholesalers give smaller ones longer payment terms.

At the other end of the distribution system, wholesalers accept the return of unsold goods, vastly extending the range of products a small retailer can offer.

But this multi-layered distribution system has been coming under formidable attack in recent years, McKinsey points out. It is being both disrupted and shortened. "Sony, Sanyo, Pioneer and other assertive Japanese companies have challenged traditional channels in domestic appliances and consumer electronics, as have companies in other sectors."

Among the challengers is Daiel, "which exercises some \$500 million of bargaining power as a direct chain store buyer." At the same time, discounting entrepreneurs such as Best Denki, Joshi Denki, Lee in Yodobashi Camera "are undermining the intricate network of franchised outlets set up by Matsushita, Toshiba and Hitachi." And specialty houses such as Roberto's Men's Clothes "are disrupting links between manufacturers and captive wholesalers."

Since one of the main purposes of the study was to assess specific opportunities available for foreign companies in Japan, as well as to analyse general issues, the authors devoted considerable space to a sector-by-sector examination.

In addition to comparing the relative development of a wide range of industries, sectors and activities in both the U.S. and Japan, they attempted to provide sufficient data for readers to cross-match potential market opportunities with the extent to which U.S. firms are already beavering away at exploiting them. They attempted, as far as to match some of the unexploited with indigenous market leaders back home in the U.S.

This analysis, which comprises three-quarters of the 200-page study, reveals such gems as the fact that the Japanese market for noodles, macaroni and spaghetti is 7.5 times larger in relation to GNP than it is in the U.S.; that imports from the U.S. take a sizable share of the Japanese wood chip and paper pulp markets; and that U.S. imports also put up a fair showing in, of all things, frozen seafood products and medical and dental materials.

The five sectors examined in most detail were all in services: financial; computer software; medical management; video tape rentals; and truck leasing. The study also illustrates what McKinsey calls the kind of "creative twist" which you need to have if you are to follow Schick, Wells, McDonalds and rather more futuristic businesses into the Japanese market. "Price 35-55. Available from John Wiley and Sons Inc. 605 3rd Avenue, New York 10158.

Advertising

Saatchi's plans for tackling Europe

WHEN invited to deliver a pro-EEC speech, many a British politician feels tempted to discover either a prior engagement or a sudden attack of laryngitis. The Community, however, holds no terrors for Saatchi and Saatchi Garland Compton which likes a "difficult sell"—particularly when the contract is worth £500,000 and the client is the Conservative Party.

This cache of Euro-money has purchased Saatchi's services for the European Democratic Group—the 61 strong contingent of British Conservatives and two like-minded Danes in the European Parliament. The Group is required by the Parliament to campaign in September to elect a Community information campaign designed to burnish the Community's image in the UK.

Altogether some £25m, or 13p per voter, will be spent around the Community this year in an effort to encourage the average citizen to express something other than disinterest or disillusion at mention of the EEC. Saatchi's bounce-out optimism is presented to the EDG in January saw off two rival bidders for the contract—Lansdown Euro and Lonsdale. The timing of the campaign is still

a little uncertain but with the prospects of a June general election apparently receding, it may well come in two phases: between June-July and November-December.

The prospect of a general election is a serious complication, as Saatchi's presentation acknowledges. The run-up to an election jams the political airwaves with competing messages which could completely drown out the positive Euro-message. The agency also says that it is essential that its campaign should complement "existing Conservative publicity."

This should be easy to achieve since Saatchi will be handling both. For the European front, the agency wants concentrated bursts of activity rather than a "lightweight drip campaign."

It plans to use party political broadcasts, advertisements in the national and regional press, audio-visual and cinema advertising—all with the aim of creating "the strongest possible platform" for the re-election of the members of the EDG in the EEC Parliamentary elections on May 17 next year. How to make a political silk

purse out of the European sow's ear? Basing its campaign on the results of Gallup polls taken in January, Saatchi has isolated three target issues which are among the top six of most concern to the electorate and also relevant to the EEC. These are unemployment, the cost of living and defence.

"The image of these issues is generally weak (with the exception of defence), but offer many opportunities for improvement," says the presentation.

On jobs, Saatchi believes that "the facts of the matter are strong" and that the campaign could emphasise the number of jobs dependent on the EEC, the new jobs which are being created by the EEC and the damage done to employment by talk of withdrawal.

As far as prices are concerned, the Community's image is poor and "getting steadily worse," says Saatchi. The agency's recipe for improving matters lacks a little conviction on this issue. It cites responses from a March 1982 opinion poll which revealed that people believed that withdrawal from the EEC would reduce prices in general,

put an end to Britain subsidising other countries, recapture some independence and reduce food prices in particular.

"At a time of low and stable prices, with food prices actually having fallen, the opportunities for undermining this basic anti-EEC fallacy are great," says Saatchi a little falteringly.

The Saatchi campaign will identify and publicise the local or regional impact of EEC policies such as the benefits of the Common Fisheries Policy in fishing constituencies, social fund assistance for the textile industry in the North West and Community funding of speech industrial projects.

Since the basic objective is the re-election of Conservative Euro MPs (although under Parliamentary rules this cannot be the specific purpose of this campaign), Saatchi has told the Tories to make a special spending effort in the 25 most marginal seats. But judging by the number of Conservative MPs applying for Westminster seats not every member of the group is ready to leave his political future riding entirely on Saatchi's efforts.

JOHN WYLES



Ads for Sino supplements

IN a further extension of its already ambitious horizons, the China Daily, the Republic's first post-revolutionary daily paper in English, has appointed an advertising agent for the UK and Europe.

Launched just 19 months ago in Peking with the help of the Thomson Foundation, the press training educational trust for the Third World, the paper has steadily increased its circulation to 80,000 with readers inside the Republic and in major foreign capitals. Its target circulation now is 200,000.

Originally the paper was aimed at foreigners inside the Republic as well as China-watchers overseas but in fact more than half the subscribers are Chinese, no doubt attracted by its freer editorial approach which includes letters to the editor, a strong section on international business and financial matters and by its Western-style layout. This is in marked contrast to more restrained official newspapers, which tend to toe the party line.

"The China Daily has become something of a status symbol," says Colin Turner of the Colin Turner Group, which will be responsible for stimulating advertising business over the next three years, especially for regular advertisers. "For anyone wanting to reach the country's decision-makers, this is an

essential way of doing it. Everybody who is anybody reads it." A certain degree of prestige advertising is expected from European companies keen to promote technical products inside the Republic, as well as interest from financial organisations—especially Western banks.

Advertising rates are \$7.50 per single column centimetre or \$131.50 for a half-page measuring 24cm by 34.6cm. Copies of the China Daily, normally available in the UK one week after publication, can be obtained from the Colin Turner Group, 122 Shaftesbury Avenue, London W1.

FIONA McEWAN

'The electronic agency'

WHY DO market research companies still deliver data to clients in hefty tomes of statistics? Haven't they heard of tapes or discs which could be stored into the computer?

This is only one instance of the time it is taking computers, the supposed cornerstone of a communications revolution, to make their expected impact on much of the communications business.

Saatchi and Saatchi now has approaching 100 terminals and most of the large agencies have either developed their own programs or bought into Tempo, the AGS subsidiary. Now AGS through Tempo, has launched Mitech, a computer system for smaller agencies—those with billings of £50m or so.

Mitech is being sold as an "electronic agency" and offers three terminals which can be working on different tasks simultaneously. The areas covered are media, production and finance.

For media, the VDU screen will show campaign options,

produce schedules, pinpoint target audiences, give cost per thousand, show billings, and invoice. For production the computer monitors jobs, especially on costings, budget control and invoicing, and in finance it automates the sales and purchase ledgers as well as such key areas as client profitability.

In effect Mitech handles many of the routine tasks in an advertising agency and if it does save on labour it should be able to bring about expansion with the same staff numbers. The system, including hardware, can be leased for around \$7,000 a year and over five years becomes the property of the agency.

The initial response has been encouraging. Not all agencies are using the three parts, but there is now a growing awareness of what the computer can and cannot do in large agencies and a willingness on the part of the smaller companies to get involved at reasonable cost.

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FINANCIAL TIMES SURVEY

Thursday, March 10, 1983

Austria

Next month Austrian voters go to the polls to give their verdict on more than a decade of Socialist rule. Under Chancellor Kreisky a consensus on major issues has prevailed and this has played a major part in the country's economic success

Realism mixed with flexibility

BY JONATHAN CARR

IN VIENNA they like to tell you — only half in jest — that there has been no German "economic miracle" — only an Austrian one. After all, it is argued, the Germans are hardworking and thorough so it is not surprising that they have done well in the post-war period. The remarkable thing is that Austrians are neither very hardworking nor very thorough — and yet in some ways they have done even better than their almost over-diligent neighbour.

The tale is worth recalling for two reasons. One is that it helps show that the Austrians do not take themselves too seriously. They have an ironic wit (not confined to the justly famed political cabarets) which helps keep even the worst elements of economic recession, bureaucracy and mismanagement in perspective. Not for nothing is it said that the Austrians habitually see their situation as "disastrous but not serious."

Secondly, all joking aside, even a brief glance at Austria's record must leave foreign

politicians, economists and sociologists half admiring half sceptical. How is it that a landlocked neutral country of fewer than 8m people — the remains of a once-great empire but now half-ringed by Communist states — has been able to do so well?

Austria's economic growth rate has consistently been a bit higher than that of most industrialised countries and its unemployment and inflation rates markedly lower. Even the country's current account is now in surplus — admittedly after more than a decade in the red. What is the secret or, perhaps, what is the catch?

One superficial, but still important, part of the answer is that income from foreign holiday-makers goes very far to wipe out the deficit on Austria's visible trade. Without this big help for the balance of payments, the Austrians would be hard put to keep their currency strong (it is one of the world's hardest), imported inflation low and wage demands moderate.

Tourism means jobs too — not just in the hotels and on the ski slopes but in improving communications and keeping rivers and lakes clean. In short, Austria has a head start on many countries through a happy mixture of natural beauty allied to some practical Keynesian economics.

But there is a deeper reason for Austria's relative success. To describe it simply as the existence of "social consensus" risks bringing to mind a cosy picture of co-operation among people spared hard choices. In fact almost the opposite is true. It is precisely because the

Austrians had to learn from bitter experience that their country is better able to face up to the economic and social challenges now.

Extremism

The 1914-18 war and the collapse of the Habsburg dynasty left Vienna on the eastern fringe of a small country rather than at the centre of an empire of some 50m Germans and Magyars, Czechs and Slovaks, Poles and Romanians. Extremism, violence and the Anschluss by Nazi Germany followed — then another war and foreign occupation with the country and its capital divided into four occupation zones (one of them Soviet). Only in 1955 did Austria regain its independence.

One effect was to toughen Austrians and to provide a standard by which to measure present day difficulties. Those who for years faced questions like "Will we get enough to eat?" or "Will the Russians ever leave?" — who lost almost everything but who have survived to live well — won a certain equanimity which even today's economic problems fails to shake.

Naturally, that applies to older people above all — though there are signs that their attitude is being inherited by the young more than one might suppose. What clearly applies to everyone is that those decades of turmoil ground away at class distinctions — greatly diminished inherited privilege, made for a far more egalitarian society.



Dr Bruno Kreisky, the Chancellor (left), and Dr Alois Mock, leader of the main opposition, the People's Party: they are largely in agreement despite the current election rhetoric



In this respect Austrian experience was somewhat like that of the West Germans, unlike that of the British or French. A spectacle like the Vienna State Opera Ball — with its debutantes, jewels and champagne — certainly proves that the Austrians nurture some traditions. But it should not be taken to mean that Austrian society has not changed since Johann Strauss.

Neutrality

That social factor born of historical experience is probably the crucial one for Austria

All those are elements of the Austrian success story. But what binds them together, and keeps them alive, is the recognition by everyone — employers, trade unionists and labour force — that they are in the same boat. That consensus applies to politicians too, even though the current rhetoric, because of the campaign for general elections on April 24, might seem to suggest the opposite.

Of course Austria is a small country and that helps a lot. You do not have to be in Vienna long to realise that a lot of key business is done through "unofficial channels." Peruse official reports, haunt ministries and offices — and you will still wonder at the end of it how Austria works, who takes the decisions and where. You will find out at least part of the answer by noting who meets whom in the coffee houses, in the Heurigen (winebars), even — so one hears — in the saunas. The state seems to run through a series of nods, winks and whispers which are hard for outsiders to perceive and are certainly not statistically quantifiable.

Critics talk about the "negative influence of the Balkans" — implying a tendency to conspiracy, sometimes breeding scandals which endure so long as to gain a tradition of their own. The classic example cited is the delay and corruption associated with the building of Vienna's general hospital — a project so long underway that so the Viennese was claim, it will be completed only "when the Danube runs dry."

Whatever the truth may be in the charge about a "Balkan

effect," in Vienna you are constantly aware that Eastern Europe is very near — that Austria lies on the border of the Western and Communist worlds. Both history and geography force Austrians to live by their wits, to have a sense of political realism which some people might find almost cynical.

Dr Willibald Pahr, the Foreign Minister, puts his country's position bluntly. Austria, he says, starts from the premise that the friction between the Eastern and Western systems will be the determining factor in world politics to the end of the century. Austria's prime aim must be to do all it can to help reduce that friction — to work for a continuation of the detente process "not on account of ideological indifference but because we are convinced that there is no sensible alternative. We do not understand it as a policy of 'appeasement' but of a continual struggle to find a modus vivendi."

Austria certainly needs good relations with the Communist east — from which it receives much of its imported energy, especially natural gas. But to have the strength to maintain its democratic, neutral status it needs the support of Western Europe and — less obviously but vitally — of the U.S. too.

This is a situation in which Dr Bruno Kreisky, Austria's socialist Chancellor since 1970, has long proved a master — coaxing Washington, nudging Moscow, doing what he can to help bring a Middle East settlement, where a failure could bring superpower confrontation

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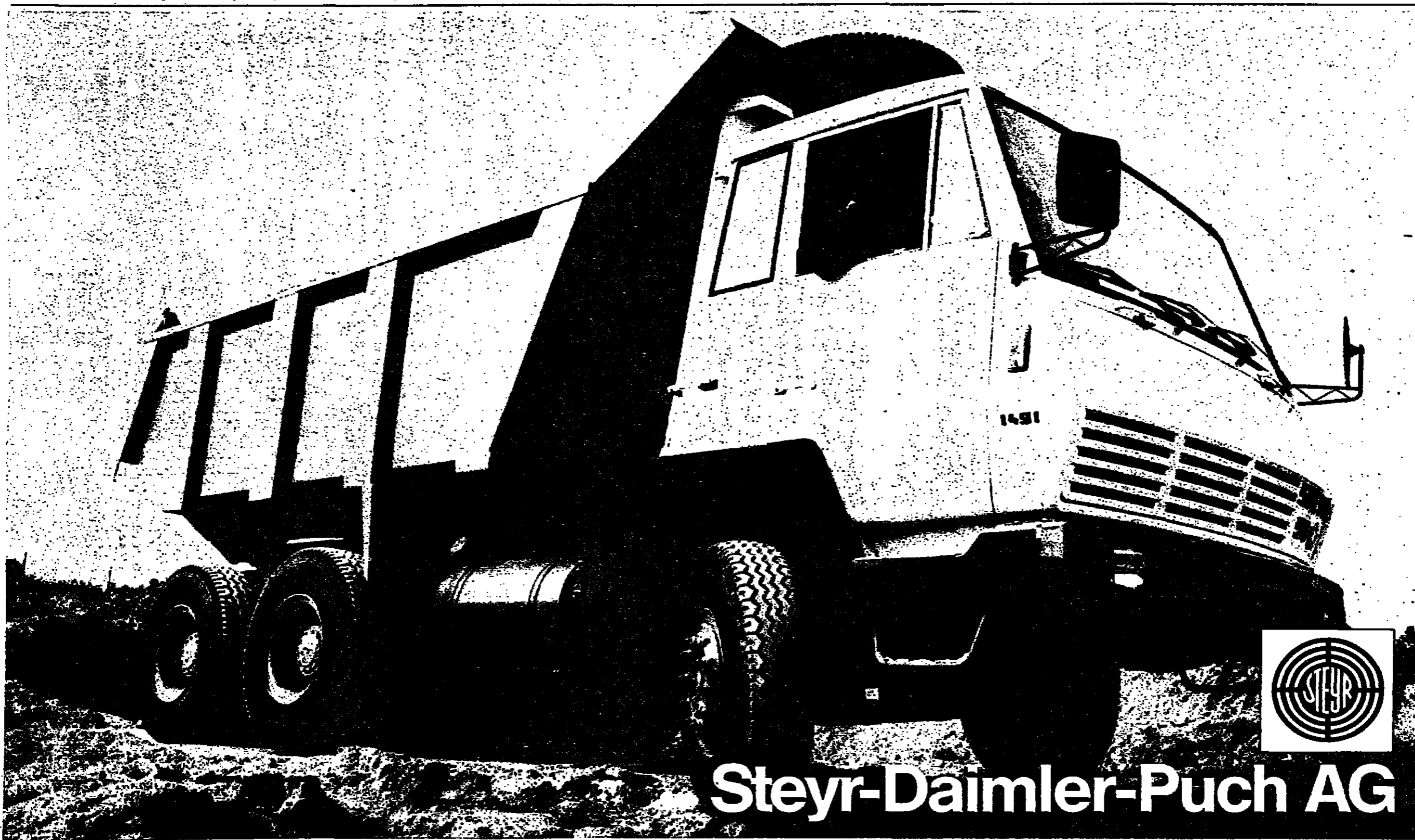
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quickly affecting the European (and Austrian) situation too. This is what the Austrians mean by "active neutrality." It helps explain their strong support for the United Nations.

All that does not imply that the Austrians have become so flexible, such masterly practitioners of "Realpolitik" at home and abroad, that they never pause to have doubts about their position in the world. The self-questioning is usually done with a wry smile — but it is genuine all the same.

It is perhaps best exemplified by the way Vienna questions itself, half proud, half defensive. "Is Vienna provincial?" an Austrian weekly asked recently — prompting a flood of letters from outraged readers. Most said that of course Vienna was not provincial — and if foreigners thought so, that just showed they were provincial themselves. Only one person picked up the key point — that to pose the issue at all implied self-doubt. London or New York were far too busy as world centres to bother with the absurd question about whether they were in "the mainstream" or not.

One Viennese lady — widely travelled but who would never live elsewhere than the Austrian capital — revealed the strength and weakness of her country this way. "Of course," she said "it is a house of cards — but we Austrians are the only people certain to hold it together indefinitely. Others would put pressure at the wrong points — and bring it down." It was the perfect Austrian comment — self critical, while putting oneself firmly on the back.



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AUSTRIA II

Elections see debut of fringe parties

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WITH THE campaign for the general elections on April 24 in full swing most observers agree that perhaps never before has the outcome of an Austrian election been so unpredictable. For the first time voters who are disenchanted with the three parties represented in Parliament have the opportunity to vote for a rightist or a leftist Greens movement. Both the ruling Socialists and the two opposition parties agree that the shape of the future government will depend in no small degree on the performance of the anti-establishment movements.

What, then, has happened? Dr Bruno Kreisky, 72, the socialist leader, has been in office as federal chancellor since 1970 longer than any of his predecessors since the break-up of the Austro-Hungarian monarchy. Yet according to the latest opinion polls, he is still by far the most popular Austrian politician.

Under his leadership since February 1971, the Socialists have won four general elections, the last three with an absolute majority. This was both a record in European politics and a historical turning point in the country.

Confidence

Before 1970 the Socialists could capture only between 42 and 44 per cent of the popular vote. Through Dr Kreisky's new-style politics, which won the confidence of vital portions of the middle class, the Socialists have become the majority party elected by one of Europe's most conservative electorates.

What is particularly important is that Dr Kreisky has always been more popular than his party. The so-called Kreisky-voters tipped the balance in 1971, 1975 and 1979 in favour of an absolute majority. This is why the party leadership, including even some of his secret enemies, time and again pleaded with the Chancellor, who has had eye and kidney troubles, to lead the party once again at the forthcoming elections.

In the meantime, however, two things have happened. Although Austria still has one of the lowest rates of both inflation and unemployment in Europe, a period of unprecedented growth (close to 80 per cent rise of the GNP in real terms between 1970-82) has ended and the massive budget deficit coupled with the increas-

ing burden of debt servicing leaves little scope for pumping money into the economy.

The other new element is the belated emergence of fringe movements of the West German Greens type. At the last two municipal elections in Salzburg and Graz, the Greens or alternative groups won seats on the municipal councils, upsetting the calculations of all parties.

These elections as well as all opinion surveys indicate that the main opposition, the People's Party, has caught up only marginally. Its leader, Dr Alois Mock, a 47-year-old amiable former diplomat has won sympathy as a man of integrity and purpose. But neither he nor most of his associates appear to have engendered a massive swing to the right. The party may well win a considerable number of seats, but capturing a majority would be a sensation.

The other opposition party, the Freedom Party, may suffer most at the hands of the new anti-establishment parties since until now the freedoms have tapped the reservoir of the protest voters. The composition of the outgoing parliament is as follows: 98 Socialists, 77 People's Party and 11 Freedom Party deputies.

Before the Kreisky Government came to power, the electoral system was less proportionally weighted and the People's Party in 1966 was able to capture the absolute majority of the seats with only 48.3 per cent of the popular vote.

By contrast, the Socialists four years later with 48.2 per cent of the vote missed the absolute majority in Parliament and set up a minority government. It was this daring experiment initiated by Dr Kreisky which opened the way to 13 years of Socialist government. However, the minority cabinet was kept in power with the tacit support of the freedoms. The price? Changes in the electoral system which helped reduce the number of votes needed for each seat held by the small opposition party.

This election reform cast an ominous shadow over the future of the Socialists once Dr Kreisky leaves politics. Under an absolute majority of the votes, there is slight hope for either the Socialists or the People's Party gaining a working majority in Parliament. This is the reason why Austrian political journalism mainly consists in speculation as to which

coalition partner the Socialists will choose if and when they lose the absolute majority.

The next question inevitably concerns a future Socialist Chancellor, since Dr Kreisky has made it clear that he is not going to head a coalition government.

In view of the likelihood of the Socialists emerging as the strongest party, the foregone conclusion is that if the Socialists lose their absolute majority, the next Chancellor will be Dr Fred Sinowatz, the current Vice-Chancellor. The corpulent minister of education and deputy chairman of the Socialist Party was born in 1929 and is a man of consensus, acceptable to practically every political group.

When, then, do political pundits and journalists keep insisting that the race has been thrown wide open? The reason is the electoral system. In contrast to Germany, there is no party list. The "alternative list" with a distinctly leftist colour, will capture one basic seat in one of the main electoral regions.

Another uncertain factor is the result in Vienna. Here the Socialist municipality shifted the date of the local elections forward from next autumn to April in the hope that on the coat-tails of Dr Kreisky the Viennese party will be spared

cent of the valid votes, in order to get a basic seat.

Once a party has captured one basic seat, it will also participate in the sharing out of the rest of the votes within a large region which are allotted according to a complicated system. The point is that a party can receive theoretically between 4 and 6 per cent, or even more of the overall vote, without being represented in Parliament. This is the reason, for example, that the communists, since the loss of their only basic seat in a Vienna industrial suburb in 1959, are no longer in Parliament. In the meantime their popular vote has shrunk to less than 1 per cent.

Main question

The main question which no one can answer today is simply whether the so-called "united Greens" with rather rightist leanings, or the "alternative list" with a distinctly leftist colour, will capture one basic seat in one of the main electoral regions.

Another uncertain factor is the result in Vienna. Here the Socialist municipality shifted the date of the local elections forward from next autumn to April in the hope that on the coat-tails of Dr Kreisky the Viennese party will be spared

heavy losses. Will the Viennese voter punish the local Socialists but vote at the same time for Dr Kreisky on the Federal ballot? Will he or she go to the polls at all?

At the last federal elections, 52.20 per cent of the eligible voters voted. But at the Viennese municipal elections 10 months earlier almost a quarter of a million voters failed to turn up on election day. Last but not least, the latest census has produced a slight shift in favour of western Austria: one seat from Vienna and one from Styria go at the next elections to the western provinces. This means that regardless of the actual outcome the Socialists have already lost one seat.

The proportion of the undecided, floating voters is thought to be still unusually high. The forthcoming television duels of the three main party leaders may marginally affect the final results. But the key to the next general elections is whether the Greens will win one basic seat somewhere and thus automatically several seats on a national basis. It is still thought likely that neither of the two main groups will gain a basic seat, this means that the votes cast for the Greens will be lost votes.

Under such circumstances the anti-establishment movements

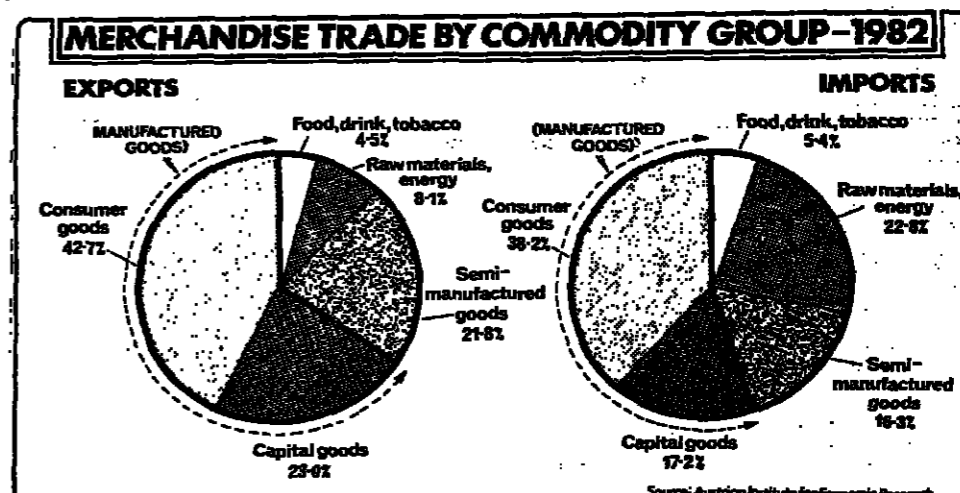
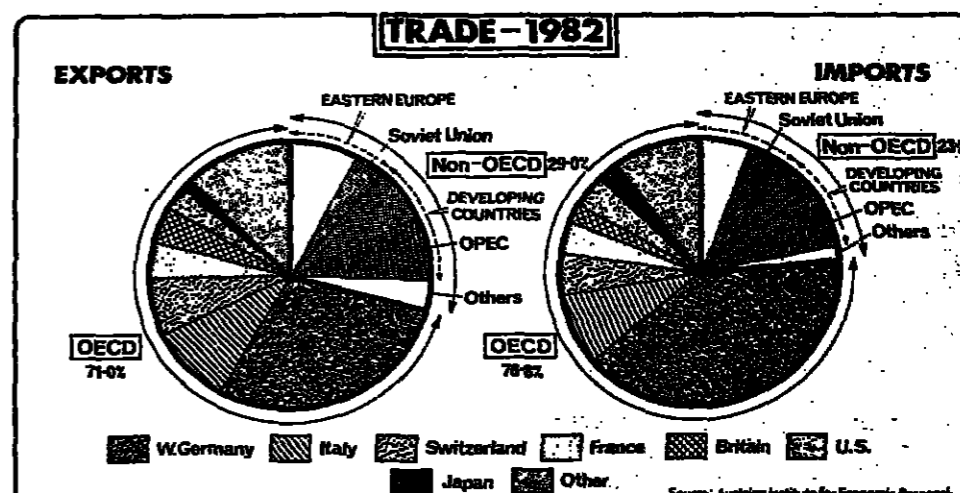
might help the Socialists achieve the unthinkable: to gain a clear majority of seats with less than an absolute majority of the votes. It is estimated that the Socialists need between 48.5 to 49 per cent to capture a working parliamentary majority.

But regardless of the outcome, whether Austria will be ruled by a Socialist majority or by a Socialist-led coalition, no one here has any fears about the durability of social consensus, labour peace and political stability. It is too early to assess the long-term record of Dr Kreisky, undoubtedly modern Austria's most successful politician. When the final results come in, he may well say: "Time for a change." Or he may hang on and provide for an orderly succession.

The fact alone that after 13 years of Socialist rule Austria's political and social structure is still stable, that regardless of the outcome of the elections Austria is bound to remain an island of sanity and prosperity precariously poised on the dividing line between the democratic West and the Communist East, is perhaps the greatest tribute both to the Kreisky era and to the underlying strength of the entire political system.

Paul Lendvai

Exporters win fresh laurels



Trade deficit

The Austrians managed to keep their visible exports by 5.3 per cent while their imports fell by 0.5 per cent. But that still left them with a visible trade deficit of 61.6bn schillings, albeit a cut of 21 per cent on the 1981 figure. It was above all income from foreign holiday-makers (especially the travel-hungry Germans) which more than closed the Austrian payments gap.

That said, it would be wrong to underestimate the achievement of Austria's exporters — not just the big state-owned companies but the thousands of small and medium-sized enterprises who have carved out markets for themselves abroad. Last year they were able to strengthen their position not least in the Western industrialised countries which together take about 75 per cent of Austria's exports.

True, the sharp increase in Austria's deliveries to the U.S. and Canada, revealed in the accompanying table, was at least in part currency-induced. The unusually strong dollar gave even goods priced in the buoyant schilling a certain price competitive advantage.

In the major European Community market, which accounts for more than half of Austria's trade — virtually no such currency benefit was available. Yet in the EEC too (with the notable exception of Italy) the Austrians did well — perhaps somewhat to their surprise.

Dr Anton Kausel, Vice President of the Austrian Statistical Office, points out that in the last three years the country's foreign trade deficit in industrial goods has fallen from Sch 32bn to Sch 2bn. He feels that to be a sign that domestic companies have mastered the serious economic difficulties better than they sometimes seem to believe. How have they managed it?

One key point is that they have been ready to accept the challenges of the market, which took effect in 1977, under which industrial goods are traded duty-free with the EEC's member states. For much of Austrian industry this meant sharply increased pressure at home from agile competitors (above all Germans) on its doorstep.

The shock might have led to a policy of currency devaluation to try to maintain a price advantage in European markets. Indeed there was some pressure for this. But the argument prevailed — and prevails — that a hard schilling keeps up pressure on exporters to modernise and rationalise, while helping

hold down their costs of imported materials — and ultimately their wages bill too.

It would be absurd to argue that all chances to rationalise have been seized in a country which — for powerful historical and social reasons — places top priority on keeping a high employment level. But the "magic triangle" — hard currency, moderate wage settlements and (relatively) low inflation — does seem to have paid off.

A recent study by the Austrian Institute of Economic Research (WIFO) shows that between 1977 and 1982 industrial wage costs per unit of output (measured in a common currency) rose by 14 per cent in Austria, by 17 per cent in West Germany and by 28 per cent on average in Austria's main trade competitor countries. The particularly interesting comparison is with the Germans — often seen as the economic pacesetters in Europe (even if that pace these days is pretty slow).

The Austrians managed on labour costs better than their neighbour above all because, although their wages rose a bit faster than those of the Germans, their productivity increase more than compensated for this.

That general point apart, Austria's exporters naturally benefit from a comprehensive system of state guarantees and there is a special programme to cut the interest rate costs of medium and small businesses seeking to finance deliveries abroad.

But perhaps the most comprehensive help of all comes not from the state as such but from the foreign trade section of that almost omnipresent body, the Austrian Chamber of Economy. Most businesses belong to this organisation which has dozens of offices abroad and not only advises exporters on market opportunities, financing, local customs and so on but lets importers know about suppliers keen to sell in Austria.

Financed mainly from a levy on the value of imports and exports the chamber has proved a huge asset to many Austrian companies which have products with a potentially wide sale but which lack the resources to probe effectively for foreign markets.

AUSTRIA'S SHARE OF IMPORTS
(percentage change against previous year)

	1981	1982 (first half)
WEST EUROPE	-2.5	+4.9
of which:		
EEC	-1.6	+5.2
West Germany	-2.4	+7.3
France	-4.3	-12.1
Holland	+3.0	+22.3
Britain	+3.5	+1.4
Denmark	+6.7	+24.3
EFTA	-2.2	+1.4
Switzerland	+4.9	-0.1
Sweden	-4.6	0.0
Norway	-11.7	-3.3
OECD OVERSEAS	-11.3	+36.7
of which:		
U.S.	-9.3	+53.2
Canada	-17.4	+23.7
Japan	-13.7	+4.5

Source: Austrian Institute for Economic Research.

The U.S. market is a case in point — too big for the smaller Austrian companies to approach alone but full of opportunities to be scooped up with a bit of help. Last year no less than 65 Austrian firms took part in the "Austria salutes California" exhibition in Los Angeles.

For many it was the first direct contact with the west coast market and — as it turned out — an important eye-opener to the chances on offer.

This year, following up the success, Austrians are holding exhibitions of winter sports equipment in Las Vegas (perhaps the Austrian equivalent of selling sand to eskimos), of wine in New York and metal goods in Chicago.

Despite the rise of more than 20 per cent in deliveries to the U.S. last year, the American market still takes only about 3 per cent of Austria's exports. Trade with Eastern Europe, on the other hand, has long had a far greater importance — for historical and geographical reasons above all.

Close links

The Habsburg Empire, after all, used to cover much of the area of what is now Communist Eastern Europe and despite all upheavals and ideological differences, links between Vienna

and the East remain close. So it is that the Comecon states account for about 11 per cent of both Austria's exports and imports.

Last year, despite the big debt problems in Poland and Rumania in particular, Austria was able to boost its exports to Comecon by 3 per cent while cutting imports by 7 per cent, thus reducing its trade deficit with this region from a record 13bn schillings in 1981 to 7.5bn schillings.

The key reason for the improvement is that roughly 60 per cent of Austrian imports from Comecon are of energy. With energy prices weak and volume imports down, Austria's bill here fell steeply. The crucial question for the trade balance now is how far the Eastern European countries will be able to absorb more imports when Austria's economy picks up more strongly and its energy import bill at least stops falling. Austrian experts note that thanks to a big belt-tightening operation in Eastern Europe last year, Comecon's debt to Austria did not increase beyond the 1981 figure.

The cautious hope is that there may be a modest upswing in East European trade this year — but no one is placing any bets on it.

Jonathan Carr

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Why all eyes are on economic summit

IT'S A long way from Vienna to Williamsburg, Virginia. But Austrians have good reason to watch the economic summit meeting being held in that small American town in May with bated breath. One could even argue that the outcome of the gathering will be more crucial for Austria's economic future than the result of the general election being held on April 24. If the Western world's seven major industrial nations can agree in Williamsburg to boost growth (perhaps along the lines of the "package deal" recently advocated by West Germany's ex-Chancellor Helmut Schmidt), then Austria will be among the first to benefit from the spinoff. Roughly three-quarters of its trade is with the countries of the Organisation for Economic Co-operation and Development area — and easily its biggest single export customer is neighbouring West Germany (a major summit participant).

If no growth strategy emerges from the "big seven," then Austria's economic problems seem bound to increase and its scope for dealing with them will be limited—no matter who wins the April election, the present Socialist government or the (conservative) opposition People's Party.

That is not to deny that so far the Austrians have achieved remarkable (albeit relative) economic success, which many

bigger countries would love to be able to emulate. Presenting his 1983 budget in Parliament last October Dr Herbert Salcher, recalled that Austria's unemployment rate was less than half the OECD average, that inflation had dropped below 5 per cent at an annual rate, that the current account was "almost in balance" (it is now in surplus), that the economy had grown in real terms since 1970 by about 50 per cent and that, last but not least, public sector debt per capita was even lower than in Switzerland.

Improvement

All that is true—and it would be wrong to suggest that there are no flickers of light even in the latest economic data. The improvement in the current account has also meant a fall in Austria's foreign borrowing. Industrial orders at the turn of the year were stable, albeit at a low level. Retail sales were holding up quite well, in marked contrast to the weakness of this sector in West Germany. The construction industry was benefiting from the mild winter—although tourists on the ski slopes were complaining about lack of snow—which shows you cannot please everyone all the time.

That said, at the end of December there were 155,700

people out of work—a rise of nearly one-third on the figure a year earlier and a seasonally adjusted unemployment rate of about 4 per cent. To British, American, French—and even West German—ears, that rate sounds like a dramatic success, indeed like almost full employment. But in the Austrian context, which after all is what matters to Austrians, it is worrying.

For roughly two decades—until 1980—unemployment in Austria averaged less than 2 per cent of the labour force. This low jobless rate was one key element in that "social consensus"—the close understanding between government, employers, trade unions and labour—which itself goes far to explain Austria's economic success.

Over the past two years, the rate has doubled and the number of jobs has far surpassed the psychologically important 100,000 mark. There are two main reasons—one economic, about which the government can do something but not a lot. The other is demographic—and poses an almost intractable difficulty, especially over the next few years.

On the economic side, Austria is suffering from the same problems of recession afflicting virtually all industrialised countries since the second oil crisis of 1979. Some experts argue that these problems are intensified because Austria has done too little—above all in the State industrial sector—to rationalise and adapt itself to new customer needs over the past decades.

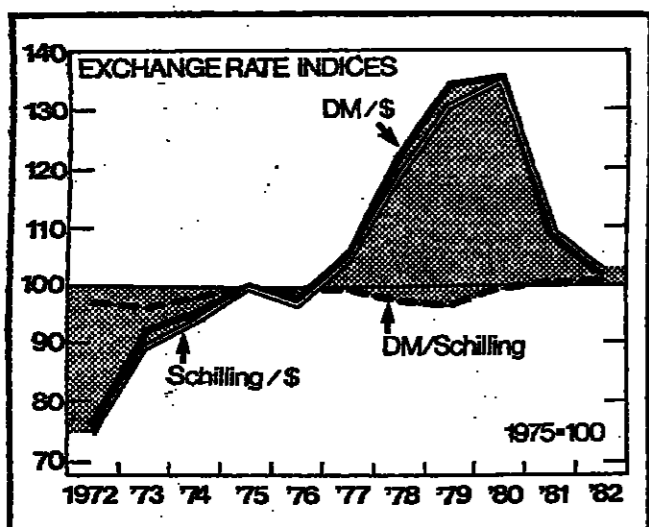
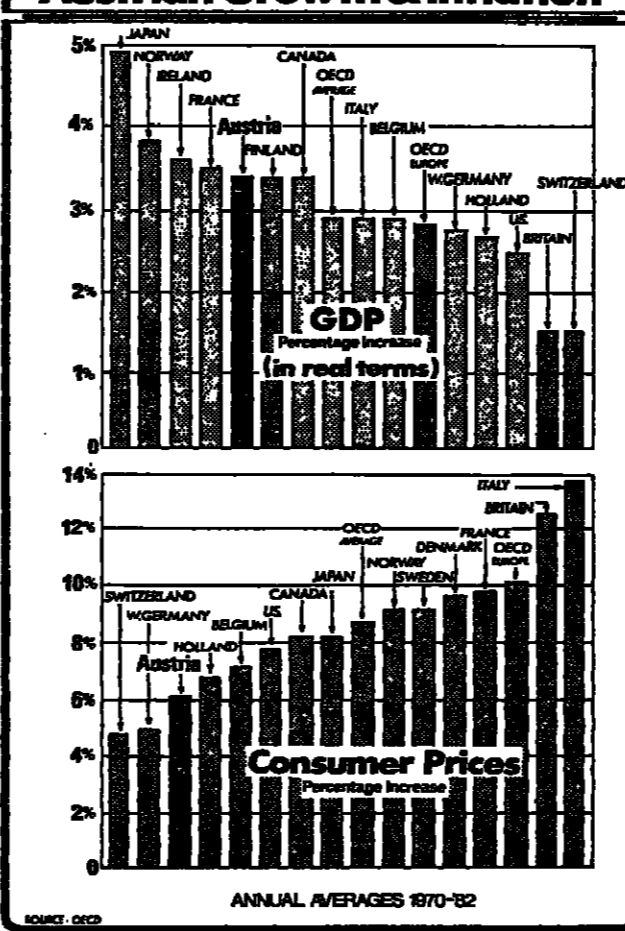
Yet the economic structure table reproduced on this page shows well enough that Austria has been through something of an economic revolution since 1960. The emphasis has shifted away strongly from agricultural employment and exports of primary products towards the services sector and foreign sales of manufactured goods.

The small and medium-sized enterprises which make up the great majority of Austria's businesses have played a key role in this development—and their flexibility is helping to soften the impact of recession now. But the role of state-owned industry has not been wholly negative either. True, the sector has tended to hoard labour and has not always been quick to adapt—though even here there are honourable exceptions.

But even where there has been labour hoarding, it should be seen in the context of that "social consensus," the almost complete absence of strikes and the Government's evident conviction that unemployment is a worse problem than debt.

That strategy can well be

Austrian Growth & Inflation



ECONOMIC STRUCTURE (% of total)

	1960	1969	1980	1982
Employment	24	3	18	6
Agriculture	46	37	38	36
Industry	38	54	44	56
Services	48	17	34	25
Primary goods	19	9	7	5
Textiles & clothing	18	27	29	36
Machinery & transport	26	47	30	34
Other manufactures				

Source: World Bank

Losses mount in state industries

DESPITE its postwar economic success in achieving growth without an unacceptable degree of inflation, Austria has struggled like most other countries to produce a coherent industrial policy. However, even during the 13 years of the Socialist era, the Government and the two sides of industry have found at least a way of living with the problem of industrial change.

This time-honoured policy of muddling through has also been deeply characteristic of the way in which subsequent governments have tended to deal with the state sector. It is not generally known that perhaps no other major industrial country in the West has as large a public sector in industry as Austria. Thus, according to provisional estimates OIAG, the state holding company for the nationalised industries, accounted last year for 23 per cent of the aggregate value produced by domestic industry; 24 per cent of industrial investments; 31 per cent of overall exports; and 18 per cent of the total industrial labour force.

The Austrian Parliament in 1948 unanimously passed a law nationalising some 70 enterprises. Nationalisation had nothing to do with ideology. It was an act of defending national sovereignty over important firms which were formerly German property and would have been taken over by the Soviet occupation authorities. Thus the entire mining, steel and special steel, oil and aluminium industries as well as large chunks of chemicals, electrical and engineering were nationalised along with the two largest banks, Creditanstalt and Bankverein (C&B), and the Österreichische Länderbank. The banks in turn possess large industrial holdings, employing over 12 per cent of the industrial labour force.

In theory, everybody in Austria is in favour of investments in subsidies which reduce dependence on basic industries and traditional consumer sectors. Similarly it is generally agreed that domestic and foreign investments should go to technology-intensive and sophisticated sectors such as

microelectronics, instrumentation and control, specialised machinery, automation, energy conservation and recycling, telecommunications and consumer electronics.

Yet in practice the Government, political parties, unions and media in the regions which would have been hit by ruthless rationalisation have always managed to forge a powerful coalition which in turn successfully blocks the redeployment of labour and capacities. Therefore it would be both unwise

and primarily responsible for the deficit.

Yet at the same time, Voest-Alpine is a household name in the world engineering league. Between 1974-1982, the proportion of steel in the company's aggregate turnover fell from 52 per cent to 30 per cent while the share of engineering jumped from 6 per cent to 24 per cent. In the pursuit of diversification, Voest, for example, embarked on an \$80m joint venture with American Microsystems Inc. (AMI) to produce semiconductors

4,500 steelmen continue to produce losses in the region of Sch 1-1.5bn per annum. The same is true of the special steel plants. The crisis in the eastern bloc which used to absorb about one-third of the output was an important contributing factor. VEW sells 80 per cent and the entire Voest-Alpine concern 73 per cent of its production abroad.

There is no doubt that the world recession sharpened the problems of the structurally exposed sectors in the state industries. Mr Oskar ruenwald, the head of OIAG, recently admitted that in 1982 he had favoured carrying out the recommendation of a report which suggested the elimination of 14,000 jobs in the Austrian steel industry. Yet, the Conservatives, in power until 1970, nor the Socialists had the courage and the power to push through the long-overdue ruthless employment of labour and capacity.

Yet, it remains true that almost everything in Austria is not quite what it seems to be. The nationalised industries are neither much better nor worse than the rest of industry.

Even well-run, highly-competitive enterprises which have not been nationalised have been feeling the pinch. In the vehicle sector, for example, the highly diversified Steyr-Daimler-Puch (which is controlled by the Creditanstalt Bankverein) has been forced to introduce short-time work.

True, it has had further successes with its arms exports—a field into which Steyr moved in a big way in the second half of the 1970s. But the weakness of industry generally, not least the construction sector, has depressed demand for commercial vehicles which are a Steyr speciality. Much the same goes for another major commercial vehicle manufacturer, the Österreichische Automobilfabrik (OAF).

Whoever wins the elections in April, there is no prospect of an early, let alone dramatic, break with the Austrian tendency of living with instead of solving basic problems.

Paul Lendvai

ROLE OF STATE INDUSTRY (OIAG)

	1980	1981
Share of industry in GDP (%)	21.5	20.9
Value of production (Sch bn)	48.2	52.5
OIAG production (Sch bn)	119.7	120.0
Share of OIAG (%)	22.5	22.9
OIAG investment (Sch bn)	9.2	7.5
Share in industrial investment (%)	27.6	19.2
OIAG exports (Sch bn)	46.7	53.4
Share in total exports (%)	28.5	21.1
Employment in industry ('000)	624.9	605.4
OIAG share (%)	18.1	18.2

† Excluding small-scale and energy.

Source: OIAG.

and unjust to blame alone the Socialist Government or the management of the nationalised firms for the crisis that has now developed.

The net result is that all the country's state industries are in deep trouble. Industrial change is no longer possible without upheaval. The OIAG group suffered losses of Sch 6.3bn in 1981 and Sch 5bn last year. The federal aid package approved by the Socialists and the main opposition People's Party in November last November to the tune of Sch 3.5bn is unlikely to cover the losses until the end of 1983. With the chemical and aluminium sectors also in the red, observers reckon there will have to be further massive federal assistance in the region of Sch 3-5bn in 1983-84.

The bulk of the losses were accumulated in the steel sector. Voest-Alpine. The steel and engineering concern, posted a loss of Sch 5bn in 1981 and Sch 3bn last year. Within this overall figure, VEW, the special and stainless steel subsidiary,

tors and integrated circuits in a new plant in the province of Styria near Graz.

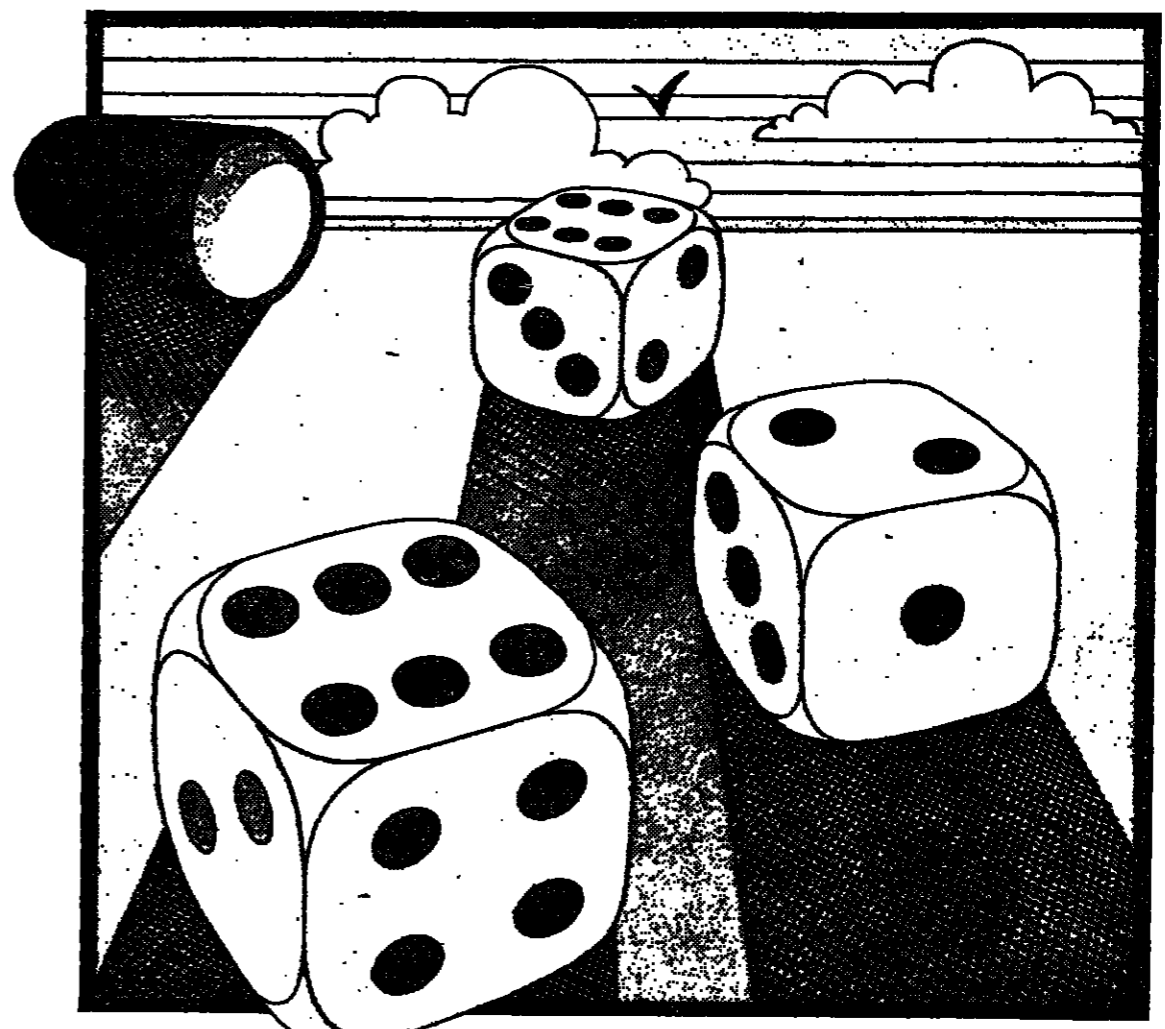
With the conflict with the Reagan Administration over alleged technology transfer to the Soviet Union resolved, the plant should go on stream in mid-1983 with an initial workforce of 400 rising to 1,500.

Voest has also become an increasingly important factor in the highly profitable domestic arms industry with an estimated annual turnover of Sch 10bn. All these successes cannot offset the enormous drain on resources caused by the company's inefficient units in the steel and special steel sector. These plants are primarily situated in the province of Styria. Instead of closing them down, Voest-Alpine had to invest enormous sums, Sch 6bn alone in the chronically unprofitable Donawitz steel plant. Yet output per man is only one-fifth of comparable European producers.

So until further notice, some

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AUSTRIA IV

Strains on banking system ease



Austrian paper for Europe

LEYKAM MURZTALER

PRESSURES ON the Austrian banking system eased considerably in 1982 and should go on doing so this year in spite of some uncertainties.

The end-1982 balance sheets will be published in the near future, but in the meantime leading bankers have left no doubt that, by and large, profitability increased notably in 1982. The crucial element making for an improvement was the gradual decline of interest rates: call money, which had peaked at 12 per cent in 1981, declined steadily last year and slipped below 6 per cent early in 1983.

This decline was instrumental in turning around the profitability of banks and other credit institutions. During the high interest phase, bankers were squeezed between the pressure of depositors for a better return on their money and the reluctance of borrowers to take up money at a time of recession.

Though the business outlook for much of the Austrian industry remains cloudy, pressure has been reduced on the liabilities side of the balance-sheet and on costs. Competition for primary deposits has become less fierce and the wave of aggressive foundations of new branches has subsided.

This expensive binge was set off by legislation passed in 1979 which greatly liberalised regulatory practice. In effect all credit institutions of any size—whether banks, savings banks, or specialised banks for farmers or small business—received authority to turn themselves into universal banks on the German or Swiss model. The expansionary impetus released by that legislation has now subsided.

Moreover, strains caused by several spectacular bankruptcies have ceased to be a cause for immediate concern. Oesterreichische Landesbank, which at one time was in trouble, has recovered sufficiently to be able to announce that it will pay a dividend for 1983.

Thus the overall picture looks encouraging. But several problem areas remain. They include uncertainties surrounding bank secrecy, which could retard the decline of interest rates; Austria's heavy exposure to borrowing by eastern Europe; and the prospect of heavy budget deficits which, in the end, could undermine the country's excellent credit ratings.

Bank secrecy is probably on

MARKET SHARES OF BANKING SECTOR

	(In % at end of period)								
	1980	1981	1982	1980	1981	1982	1980	1981	1982
Total deposits	30.9	30.9	30.4	33.7	33.7	33.4	26.6	24.5	24.2
Savings banks	20.5	21.1	21.4	15.3	15.3	15.0	26.3	26.7	26.7
Joint stock banks	20.9	21.0	21.2	24.0	24.2	24.6	16.6	17.4	17.8
Raiffeisen banks	7.0	6.9	6.8	7.8	7.7	7.7	5.6	5.3	5.1
Provincial mortgage banks	2.3	2.3	2.4	1.1	1.3	1.4	9.7	9.2	9.3

Source: Girozentrale Vienna.

a par with Swiss practice and, so far, bank interest as well as interest on bearer bonds is not subject to a withholding tax. This combination has opened the door to widespread tax evasion.

The Socialist Government of Dr Bruno Kreisky, in the struggle to contain budget deficits, has proposed shutting that back door by introducing such a withholding tax. In so doing the Socialists have not only stirred up a hornet's nest; they have also introduced an element of uncertainty capable of slowing down the decline of interest rates.

Concession

Details of what the Socialists propose—always provided they win the general election in April—are still unknown, though they have said that foreigners will be exempt from the tax. Given the far-reaching liberalisation of international capital transactions, that concession is of some importance for the country's external payments.

In the past few years, the balance of payments has caused occasional headaches, but there was a significant improvement in 1982 when the current account went into a surplus of about Sch 13bn (about £430m). The reasons are part good, part bad.

Black economic activity reduced imports on the brighter side there is some reason to suppose that Austria had by last year coped with the second oil shock of 1979-80. Further help should be forthcoming from the decline of the oil price this year, at least until secondary

effects in the shape of lowered demand from the Opec countries make themselves felt.

The country's standing in world credit markets is further enhanced by official reserves of about Sch 124bn—enough to pay for about half a year's imports. The reserves include Sch 99bn of gold valued at less than a third of the current market price.

Repeated and rising budget deficits may prove a more intractable problem. At the end of 1982, total government debt amounted to Sch 349bn, of which Sch 112bn was denominated in foreign currency, an amount smaller than the reserves. The debt is equivalent to about 10 per cent of GDP, a respectable ratio by international standards. What is less satisfactory is the rate at which debt is rising: at present it looks as though it will amount to about Sch 400bn by the end of 1983.

Austria's heavy involvement in lending to the shaky eastern European economies has also been the subject of some adverse comment. Dr Jan Stankovsky, of Wifo, the Vienna economic research institute, estimates that at the end of 1981 eastern European debt to Austrian banks amounted to Sch 100m gross, to which must be added an estimated Sch 25bn owing to Austrian exporters. The totals do not appear to have changed drastically during 1982. About half the bank credits were secured by Austrian export credit guarantees.

These are figures that have caused Austrian bankers to become more restrained in their lending to eastern Europe, but there is no question of breaking off business contacts: Eastern Europe is too important a business partner for that to happen.

Such is the structure of the

AUSTRIAN MONEY

(Percentage changes at annual rates at end of year)

	1978	1979	1980	1981	1982
Money supply (M1)	7.5	-7.1	10.4	-1.4	5.2
Central money stock	14.7	2.0	7.8	7.9	7.2
Credit to domestic non-banks	15.1	16.4	12.9	12.2	10.5
Total	14.3	14.0	11.3	7.6	18.6
Savings banks	17.2	8.9	15.3	13.8	12.5
Savings deposits	15.2	5.6	15.2	13.8	11.9
Total	15.1	9.0	10.9	12.6	12.6
Savings banks	15.2	5.7	10.4	13.1	10.8

Source: Girozentrale Vienna.

Tourists' spending crucial to balance of payments

WHEN THE snowfalls in the Austrian mountains are fitful for a while and skiing conditions are poor, government officials in Vienna start to get furrowed brows. It is not so much that they are worried about losing a weekend of winter sport—though from Vienna you are in the snow easily in a few hours. The concern reflects the crucial importance of tourism—and hence also the weather—for Austria's economy and balance of payments.

A few figures help illustrate the point. Last year foreign tourists spent Sch 85.5bn in Austria, up from Sch 81.9bn in 1981 and Sch 75.1bn in 1980. Subtract the sums Austrians themselves spent on holidays abroad in 1982 and you are still left with a net surplus on tourism of about Sch 47bn. That was enough to offset two-thirds of Austria's visible trade deficit and was an essential factor in the country's return in 1982 to a surplus on its current account (visible trade, services and transfer payments together).

In short, pleasure is big business in Austria and its full importance does not emerge in those balance of payments figures alone. They cannot show the indirect business spinoff from tourist spending on Austria's goods and services sectors in the main holiday areas (and on the way there, by car, rail or perhaps Danube river boat).

Similarly, official statistics show that roughly 120,000 people are employed in Austria's hotel and restaurant sector (with seasonal variations). But the number is indirectly dependent on tourism is far greater and helps keep populated areas which are often unsuited even to light industry.

Balance

Tourism is thus a factor of internal as well as external economic balance and the Government treats it as such. According to the latest budget estimates, a total of Sch 8.2bn in federal funds is being spent in the decade 1980-89 on tourist promotion of all kinds, including subsidised credits for investment in the industry.

It would be absurd to suggest that Austria's intense development of the tourist sector over the last decades—the construction of ski lifts and slopes, indoor swimming pools, fitness centres, spas and the like—has not paid off handsomely. But it has proved sometimes to be a mixed blessing. The ski run which keeps a lot of holidaymakers happy in the winter can make for ugly scarred meadows in the summer—a financial as well as an aesthetic liability. Likewise the elegant facades of buildings in some of the provincial towns have fallen prey to "develop-



Tourist ride through the Hofburg Palace, Vienna.

TOURIST ARRIVALS AT HOTELS (by nationality %)

	1976	1980	1981
West Germany	58.0	56.5	55.8
Netherlands	6.9	8.1	8.3
UK	4.2	4.6	4.3
France	3.6	3.8	4.4
Switzerland	2.7	3.3	3.4
U.S.	6.0	5.3	4.1
Belgium-Luxembourg	2.7	2.9	2.6
USSR and Eastern Europe	1.8	2.0	2.2
Total (000s)	7,535.6	9,684.6	9,668.6

Source: World Tourist Organisation.

ment"—as cafes, souvenir shops and the like have sprung up to supply the tourist quickly passing through.

Then too one can imagine that the Austrians themselves tend to feel a bit suffocated when the foreign tourist season is at its height. Last summer (May to October) 12.5m tourist arrivals were recorded—of which 3.1m were Austrians and 9.4m were foreigners. The number of tourists from abroad thus exceeded the entire Austrian population of about 7.5m by quite a margin. Of those foreigners more than half—as usual—were Germans, many arriving in droves via the autobahn border crossing points near Salzburg and Kufstein (Tyrol).

But if the Austrians have any sense of irritation over the tourist influx they rarely give a sign of it—either because of innate good manners or because they know they are making a handsome profit from the business. They almost invariably make guests very welcome whatever kind of holiday has been chosen—from a remarkable range.

The winter sports facilities (including "apex ski") of resorts like Kitzbühel, St. Anton, Lech or Igls are well enough known. So are the possibilities for hiking, swimming and sail-

Austrian banking system that not only the chief commercial banks are embroiled in the eastern European problem. So are the larger universal-style credit institutions that have grown out of the traditional savings banks and similar thrift institutions. Equally, the different and competing sectors of the country's credit institutions play important parts in financing domestic industry.

Commercial banks (the chief of which are Creditanstalt-Bankverein and Leondorfer Bank) in both of which the state holds a 60 per cent stake) have extended Sch 246bn in credits to domestic non-banks. The savings bank organisation follows with Sch 122bn, and the Raiffeisen banks, which have grown from a network of rural co-operatives, with Sch 106bn. Savings and Raiffeisen banks each have an umbrella bank with which they place surplus funds and which are engaged in industrial and international business. Especially Girozentrale, the central bank of the savings bank sector, has become an active participant in Euro-markets.

Take all that together with the reform of regulatory legislation in 1979, and you have a blurring of the differences between traditional commercial banks and historic thrift institutions. It has gone much further than what may also be occurring in Britain where clearers, building societies, and Trustee Savings Banks are increasingly competing for similar types of business. Certainly, a customer visiting one of the two large savings banks in Vienna, or even some of the less big savings or farmers' banks out of town, will see no obvious difference between them and the branches of commercial banks.

Altogether, the picture is one of a credit apparatus that has digested the shock of 1979 competition administered by the legislation of 1979 and appears to be weathering the problems caused by the big bankruptcies of 1980.

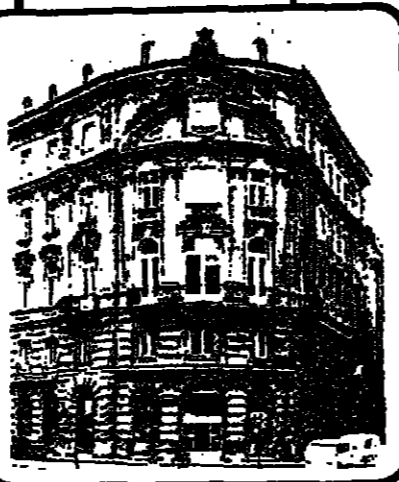
A special correspondent

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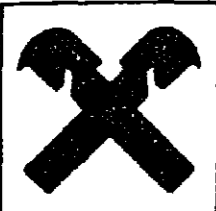


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Thursday March 10 1983

Mr Scargill rebuffed

THE MINeworkers have decisively rejected their executive's call for strike action against pit closures. The ballot result will be announced today by Mr Arthur Scargill, the miners' president, but most informed observers in the union and the coal board reckon it at around 60 per cent against.

Several factors appear to lie behind this result. Most obviously, coal stocks were high enough to secure electricity supply until midsummer; the electricity workers, who have just settled (for pay rises roughly the same as the miners achieved last November), were not about to come out in sympathy. The length of the dole queues still exercise a disciplining effect, even on mineworkers. The immediate cause of the strike, support for the South Wales miners' protest over the closure of the no-hope Tynmawr-Lewis Merthyr colliery, was widely perceived as insufficient.

All of these are largely tactical considerations which are liable to change—things might have been otherwise, for instance, if stocks had been low or the pit's viability a matter for genuine debate. More fundamental, however, is a trend which mineworkers themselves see as playing a crucial part in their moderation. This is the move to quite high disparities of earnings between pits, and it has been caused by the workings of the incentive bonus scheme.

Effect

The scheme, introduced in 1977 against the strident opposition of the then left-wing minority on the mineworkers' executive, led by Mr Scargill, sets a productivity norm in each pit. Once that norm is surpassed, bonus is paid: in some pits, generally the high producers, faceworkers can make up to £300 a week; earnings of between £150 and £200 a week are common.

Its effect has been at least partly to decentralise an overly centralised pay system, to reward individual and team effort, and to mark out certain pits as attractive to workers. As Mr Scargill correctly saw when he was opposing it, it has had a divisive effect among his members. From the relatively unified force they were

in 1972 and 1974 when they all got roughly the same pay (and that was less than several other manual worker groups), they have become a disparate body of men for whom solidarity is not always the best policy and strike action only justified in exceptional circumstances.

Attractions

There are obvious attractions in taking the centralisation a stage further, so that basic wage rates, as well as bonus payments, are determined locally and reflect local market conditions. But neither the union nor the Coal Board will be keen to revive the problems of before and during nationalisation when widely differing rates between pits caused endless local disputes. Given the existing structure of the industry, which will not be changed easily, a national bargaining framework which leaves scope for substantial local incentive payments need not be an obstacle to efficiency and profitability.

The power of the NUM has not been broken, but the vote itself a tribute to the union's democratic processes—shows that there are severe limits on the leadership's ability to use the rank and file to achieve political ends. Mr Scargill's aim of keeping employment in the industry at a level of just over 200,000 in order that the miners can remain the shock troops of the British labour movement has found no favour with his increasingly prosperous and heavily-mortgaged members. They may prefer to become a small, highly paid group which will not be stirred into militancy unless their relative pay position is disturbed.

For the Coal Board, the future looks tricky but manageable. Mr Norman Siddall, the outgoing chairman, has signalled his intention to speed up the closure rate from 1m tonnes of capacity a year to somewhere between the 2m and 3m tonnes envisaged in Plan for Coal but never achieved. He will continue to do so—and so, probably, would any future leader—by careful local negotiation coupled with generous settlements to the mineworkers made redundant. Mr Scargill may stamp and rage, but the prospect of a rational solution to the coal industry's problems have been improved by this week's vote.

A new chance for Argentina

GENERAL Reynaldo Bignone, the President of Argentina, has announced that general elections will be held on October 30 and that a civilian government will take office in January next year. Given the great unpredictability of Argentine politics there is always a chance that this decision will be overturned by the commanders of the three armed forces, the real masters of the country. If elections do take place they will return Argentina to civilian rule for the first time since the military coup d'état of 1976. This could prove an important step towards political stability.

The military who committed Argentina to the adventure of seizing the Falkland Islands took that calamitous step last year for two principal reasons. In the first instance they knew that they could rally almost the whole of the country behind them in a genuinely popular patriotic cause. In the second instance they hoped to deflect domestic and foreign opinion away from their economic failures and rising political unpopularity.

Argentina's defeat in the Falklands and the subsequent revelations about the degree of incompetence and disorganisation which accompanied General Galtieri's brief period of occupation of the islands rapidly pricked the fragile bubble of popularity which the military enjoyed when they landed at Port Stanley. The armed forces were shown up as not just economically and politically inept but also faltering in their grasp of military strategy and tactics.

Debate

In strikes, demonstrations and every other manifestation of public opinion it has been clear for months that the civilians do not want a continuance of military rule. Debate among the political parties and in the media has centred on how the soldiers could relinquish their political role without losing too much face, or becoming liable to be punished for the many transgressions and mistakes they committed when they were in power.

This debate has not yet concluded, but it has been eclipsed by the urgency of demands for a return to constitutional government and the military's realisation that unless they

move out of power rapidly they could be faced with a general uprising.

In any election the contest will be between two principal political groups—the Peronists and the Radicals. The former who include the increasingly scattered and disorganised following of the late General Domingo Perón are united only by their selective memories of the dead dictator. Some of them admit the continued supremacy of his widow, former President Maria Estela Perón, others reject her leadership. The Radicals, on the other hand, are a coalition of populist ideas of her late husband. There is no reason to think that a new Peronist government would be any more coherent or competent than the one which ruled from 1973 and collapsed in chaos in 1976.

Advantage

The Radicals, though perhaps commanding fewer votes than all the warring Peronist factions lumped together, have the advantage of greater political discipline. A middle of the road party closely identified with the large Argentine lower middle class, the Radicals combine strong nationalism with a commitment to parliamentarianism and reform. They have made steady progress under their recently elected leader, Sr Raúl Alfonsín.

From Britain's point of view a properly elected Radical government which could claim real political legitimacy might be the best interlocutor when the time eventually came for talks with Argentina on the Falklands issue.

The Radicals, too, might provide the best economic management. Their experts are in process of working out new strategies to deal with Argentina's foreign debt problems within the context of the cautious pragmatism which that party has often before exhibited. The Radicals, to put it at its lowest, could do worse than the Peronists and the military who have driven a potentially rich country deep into almost unmanageable debt and uncontrollable inflation.

IS Britain slowly falling to bits? There is plenty of evidence on the surface to suggest that it may be—patched and pot-holed urban roads, peeling paint, and boarded windows on dilapidated council estates, motorways with cracked bridges and miles of lanes closed for repairs.

There is more evidence beneath the surface in the hundreds of thousands of miles of water pipes and sewers, some more than 100 years old, which are crumbling at a growing pace. This goes largely unnoticed until the damage is so great that the road collapses into caverns sometimes large enough to accommodate one or more double decker buses.

All these problems get steadily worse the longer they are left. But this is not immediately apparent, which makes cuts easy to justify in times of financial hardship for both central and local government. Lack of maintenance of council homes has no effect in the first year, for example, but by about the fifth year the level of disrepair is so great that restoration costs several times what regular maintenance would have cost in each of the preceding four years.

Britain, like most of the world, has been going through a severe recession and since its election in 1979 the Government has been trying to control public expenditure very tightly. However, in the last two years these controls have proved tighter than even the Government wanted and the Public Sector Borrowing Requirement (PSBR) has fallen short of its already tight targets. Central and local expenditure on wages

Restoration costs could be greater than maintenance

and salaries has soared, but the casualty has been capital expenditure on the infrastructure—the fabric of the nation.

In the past—particularly in the 1930s—recessions have proved an ideal time for improving roads, schools, hospitals, reservoirs and upgrading—or building—houses for the future. But cash limits for spending on these items have been consistently undershot year after year. On the last autumn Mrs Thatcher realised the extent of the opportunities for capital investment which were being lost because at the end of each financial year money unused is gone for good. She immediately embarked on a campaign exhorting the public sector to spend, spend, spend.

The undershoots, year after year except for a £400m capital spending overshoot in 1980-81 (for which they were roundly criticised) have covered all sectors, but most particularly housing and roads.

The £2bn earmarked for capital projects but not spent since 1979-80 could have:

- Enhanced spending to stop the rate of sewer replacement falling behind (£100m).

- Replaced an extra 10 per cent of the worst sewers (£500m).
- Replaced the worst 10 per cent of water mains and pipes and improved technological detection of leakages (£350m).
- Built the A1-M1 motorway link to provide industry in the West Midlands with its first motorway link to the East coast ports (£80m).
- Built 100 miles of planned motorway including the much delayed M20 and incomplete M25 round London (£500m).
- Built at least 50 of the 120 planned but unstarted bypasses, each costing less than £3m (£120m).
- Modernised 100,000 pre-1945 council homes (£300m).
- Accelerated improvements in some school buildings to enable more very old schools to be closed down more quickly (£100m but with a net saving in running costs).
- Built 10,000 new homes for private builders for shared ownership by housing associations or some councils (£250m).
- Created around 100,000 jobs directly plus another 40,000 or so indirectly—new jobs resulting from increased output.

The reasons that unemployment has been so persistent include (a) the climate created by the Government against all public spending; (b) very high interest rates for borrowing

which has discouraged local authorities; (c) uncertainty from year to year about what local authorities will be allowed to do, greatly worsened by the sudden six-month moratorium on capital housing projects in 1981; and (d) severe penalties for councils which overspend on current account. Borrowing for capital projects is serviced through these accounts so most of them have revenue implications which lead to higher penalties.

In addition because many capital projects have long lead-in and completion times the year-to-year uncertainty encouraged councils not to start at all.

Since Victorian times, Britain has invested more heavily than many countries in its public infrastructure. Only the Netherlands, for example, rivals Britain's record of getting clean water to—and dirty water away from—89 per cent of the population. The municipal housing sector is one of the world's largest. The roads in the towns and the cities may be pot-holed but look (and feel) much better than those in New York or Paris. London's underground network is the world's most extensive.

This all means both that maintaining and improving the capital infrastructure is very expensive, but also that it has been done well. Before it becomes poor enough to be compared with that in many other countries. So the fact that capital investment in real terms in the key sectors has been falling since 1979 is all well below half that of the last Conservative government in the early 1970s is only slowly beginning to show.

- Housing. Houses being built

BRITAIN'S AGEING FABRIC

The case of the missing £2bn

By Robin Pauley



'Many projects like motorways would have been completed if the money available had been spent'

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- Housing. Houses being built

today will have to last around 800 years at the present rate of slum clearance, property repair and replacement according to Mr John Mills, chairman of the Association of Metropolitan Authorities housing committee. The number of houses built in 1982 was about 25 per cent higher than the 150,000 in 1981; this is still far short of the 300,000 a year estimated as necessary in the 1977 Housing Policy Review Green Paper produced by the then Labour Government.

The rate of clearing Britain's remaining slums (some of which are only 20 years old because of bad design and faulty materials in the 1960s) is slowing down. A third of Britain's housing stock is pre-1919 and in the last four years councils have skimped on upkeep and maintenance which is becoming particularly obvious in apartment blocks.

The Government has repeatedly cut the provision for housing investment. Councils have tended not only to under-spend, but also not to re-invest receipts from the sale of council houses and land in new capital projects. Between £1bn and £2bn of capital receipts is now estimated to be squandered away in reserves and not to have been spent. There are signs that councils, exasperated at being criticised both for over-spending and under-spending, are now going to overspend on capital in 1983-84.

Since April 1980 about £1bn—half the figure quoted above—has been under-spent on housing plans. If that figure were to be made up, it would provide 1,300 new homes from private builders for shared purchase schemes of the type already introduced by some

councils and housing associations and, secondly, 100,000 council house modernisations—among the 10m pre-1945 homes, plus 185,000 extra housing improvement grants among the 1m properties which need at least £7,000 spending on them to get them into a reasonable state of repair.

Cambridge Econometrics estimated that £500m spent on housing—two-thirds on new homes and one-third on rehabilitation—would create about 48,000 jobs directly, plus another 16,000 indirectly. Some 50 per cent of the cost of housing work goes on labour.

Water and sewers. "There are no votes in sewers" is a political adage as old as Britain's intricate and partly unmappped sewer system, much of it completed more than 100 years ago by cheap Victorian labour and a least-favoured option for capital investment ever since because the benefits cannot be appreciated by the electorate.

A result there are now 3,500 major collapses requiring excavations a year and 1,500 major blockages from partial collapses. This costs £100m to repair, but the indirect costs are often much greater—a major collapse in Richmond cost £2.2m to repair but the indirect cost of the disruption of sewers in the present parlous state, the water industry should be spending £310m a year compared with an actual level of £205m.

To replace Britain's sewers would cost around £21bn and just to maintain the 210,000 km of sewers in the present parlous state, the water industry should be spending £310m a year compared with an actual level of £205m.

Capital spending in real terms is about half the 1973-74 level. Potentially, there is an equally serious problem with water. Some 25 per cent of all water collected and stored and purified is lost by leakage before it gets to consumers. In England and Wales there are 282,000 km of water mains and 18m service pipes with a total length of another 242,000 km. Half of this is more than 40 years old and some are more than 100 years old. Leaks are difficult to find but the benefits of doing so are considerable. Bristol Waterworks Company for example, reckons that an annual expenditure of £600,000 on leakage control may be saving them £200,000 in energy and treatment costs and £750,000 of cumulative capital charges.

Roads. Actual capital spending on roads in 1982-83 of £320m represents a fall of 14 per cent on 1981-82 and 40 per cent below target. Local authorities under-spent by £139m. There are no grounds to believe that the 60 per cent rise forecast for spending on local roads (an extra £198m) in 1983-84 will result in anything more than another undershoot. Thus the planned rise of £950m in total public sector construction is likely to fall short once more.

Yet there are some 350 major road schemes worth about £4bn still outstanding—of the 120 bypasses due to start in 1982, 1983 or 1984, ninety have been suspended or relegated to reserve lists and hardly any of the others have been started.

Since 1979 spending on new roads construction and improvement has fallen in real terms by 60 per cent. Within this

Some 350 major road schemes still outstanding

spending on trunk roads and motorways is a third down and on local roads is 97 per cent down. The total underspent in England alone since 1979 on all roads is £365m.

While the Chancellor in his Budget speech on Tuesday is likely to make general comments about help for the construction industry, there is no chance of a major revision to reintroduce unspent money from previous years. If that had been done it would have appeared in the public expenditure white paper published this year in February rather than on Budget Day.

In any case many projects, such as motorways take a long time to get under way—so there is always the risk that they get into gear when the economy is anyway into an upswing and needs the stimulus less.

But whatever happens to the economy, the problems of the £2bn underspending since 1979 (and £10bn since 1975) and the huge backlog of undone capital work and renovation are not going to go away. And even if they are finally tackled they will be much more expensive to solve than they might have been.

Men & Matters

Rub of the Greens

The bulls that bellowed through the Frankfurt stock exchange on Monday after Helmut Kohl's resounding election victory proved curiously blind to the star performer in the West German political-financial stakes—the radical environmental and disarmament party, the Greens.

That the Greens gained 27 seats and entered the Bundestag for the first time was not wholly unexpected. But while the high-flying Frankfurt shares, such as builders Holzmann, rose by 40 per cent, the Greens stand to make windfall profits from the election of up to 600 per cent.

The Greens fought a bargaining campaign, bringing musicians and comedians into their political rallies so that they could charge entrance fees. They spent about DM 1.5m compared with the DM 30m of Kohl's Christian Democrats.

Under West German law, the

state recompenses each party that gets over 0.5 per cent of the vote. Each member of the electorate is valued at DM 3.5 and the parties receive payments according to the share they polled. This means about DM 8.5m for the Greens.

A note of warning from our Bonn office, however, to those investors eager to add the Greens to their portfolio. As one of their first acts in parliament, the Greens will push for a committee of inquiry into the long-running "Flick" affair, where investigations are under way into what might be described as business contributions to the established political parties.

Country seats

Beata Brookes' success in securing the Tory nomination for the Clwyd West seat at Westminster has sparked a fierce little squabble among the other 60 Conservatives in the European Parliament.

On some estimates, about 34 of them are actively chasing nominations for Westminster—and being out of their number, Stanley Johnson, puts it, "like locusts."

Johnson, a poet and former head of the EEC's prevention of pollution and nuisances division, argues that his colleagues should observe the proprieties as he has done in the Isle of Wight and East Hampshire, and resign their Euro-seats before seeking a place on the Westminster benches.

His comments at a meeting of the Conservative group incensed members, some of whom suggest that Johnson's renomination for the Euro-seat in next year's elections was not at all certain.

Robert Jackson, the Upper Thames MEP, who has hopes of adoption for a safe Westminster seat this weekend, says there is nothing wrong with ambitions to sit in the Mother of Parliaments—provided a candidate is

not too thrusting.

He says he has twice withdrawn his applications when he found that local Westminster MPs were also candidates. Moreover, he adds somewhat ambiguously, his Euro-constituencies chairman, anxious to help him make the change, has written letters in support of his Westminster candidature.

Words of advice

I thought I detected a worried man yesterday when I rang Robert Burchfield, chief editor of the Oxford English Dictionary. Will he and his staff of 30 word wizards ever have a moment to themselves again for solid academic study after next Monday dawn?

From that day the Oxford University Press is to offer a new service called OWLS—an acronym (its easy to fall into the jargon) for the Oxford Word and Language Service. Any-one who cares to ring Oxford 56767 (and claims ownership of an Oxford dictionary) will be able to demand further etymological enlightenment.

"It was dreamed up by our publicity department," says Burchfield with the slightly desperate air of one about to face the massed hordes of crossword puzzlers and scrabbleers. "We hope we will not be overwhelmed."

Six senior editors in his department will take calls in rotation. They do not expect quarter from their assailants. Recently a man telephoned from New Zealand to find out whether "vee" could count as a word within the rules of Scrabble.

The Falklands campaign provided a testing time for Burchfield's team. They finally ruled that Argentine was correct rather than Argentinian on the grounds that Argentine has been in use since the 1820s whereas no reference to Argentinian could be discovered prior to 1919.

Yomping, however, left the team stumped. They first thought it had a Devonian origin from the Mariner Plymouth depot—"such a West Country sound"—but drew a blank. They were equally unsuccessful when they tried to relate the word to winter services exercises in Scandinavia.

All OWLS can say is that the Mariner was yomping for about five years before setting sail for the South Atlantic.

Blacked bottoms

Are there no limits to the creative committee of the miners who go to to interfere in the lives of its members?

Not content with trying to bring them out on strike it is now telling them to change their underwear. Indeed, The Miner, the union's journal is quite peremptory about the matter. "... Gerremoff! Miners urged."

The National Union of Hosiery and Knitwear Workers calculates its trade has suffered a 25 per cent jobs loss over the last three years chiefly because of imports of underwear made by non-union cheap labour abroad.

The National Union of Miners has decided not to stand idly by while foreign underpants warm British pit-workers. It has written to the coal board requesting it to alter purchasing policies to buy only British-made thermal underwear for miners in future. NUM-run pit shops are also being urged to follow suit.

Short weight

Heard in Harrod's: "Richard was very depressed. He thought he'd lost weight but when he got on the scales this morning he found it was only wishful shrinking."

Observer

Cutty Sark Scotch Whisky



Quality without compromise.

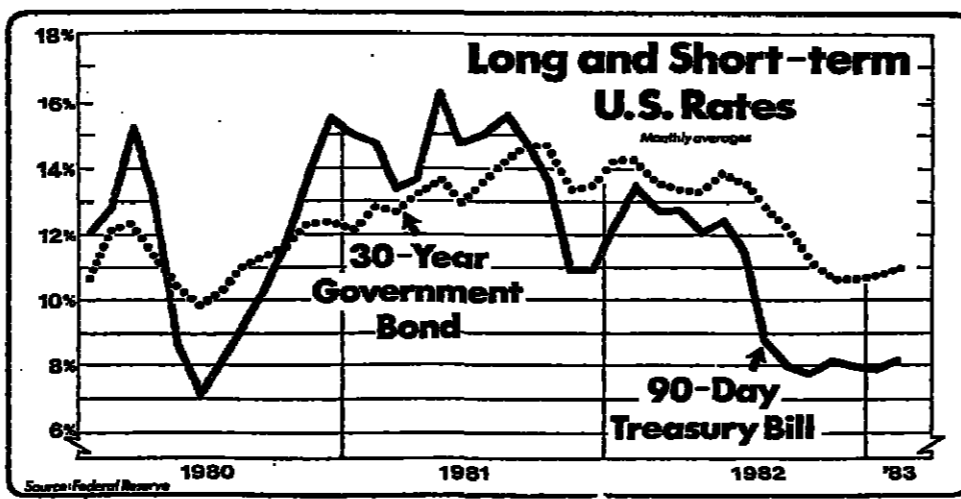


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ECONOMIC VIEWPOINT

How to get off the treadmill

By Anthony Harris



THE SINKING feeling which suddenly overtook Wall Street, previously in the best of spirits at the latest remarks of Mr Paul Volcker, the Federal Reserve chairman, is only too easy to understand. They have been here before.

In 1980, and again in 1981, the Fed aggressively led interest rates down, only to retreat as fears of inflation inhibited any response in the bond market. In 1982, it looked different.

Worried by debt abroad and depression at home, the Fed led rates down and kept them down; but the debt and depression worries have faded, and we are back to the inflation worries. Here, it seems all too possible, we are again.

To those who keep their eyes fixed on the real economy, the whole thing is incomprehensible. The U.S. economy has only just embarked on a recovery, led by consumer spending and rearmament, with a promising flip from housing. The turn in the inventory cycle makes the whole thing look rather more vigorous than it really is—the inventory turn, as we know only too well in

reaction in the excessive value of the dollar. The new departure, which has raised market interest rates and raised the dollar, seems crazy.

To those who watch the financial rather than the real economy, however, the latest developments are perfectly logical. A simple-minded monetarist will observe that the U.S. money supply has been growing explosively in recent months, on any measure; the explanation that this is simply a result of structural changes in the banking system won't wash any more, as Mr Volcker now admits.

The Fed is therefore bound to tighten its very accommodative policy, designed to meet the liquidity crisis which appeared last summer. If it did not do so, the money explosion would cause an inflation explosion. Even as it is, the Fed market is discounting an average inflation rate of eight per cent or more for the next 30 years.

A less monetarist observer would probably put cause and effect the other way round: bond rates are not high because the money supply is growing so fast, but money is growing because borrowers are reluctant to refinance their debt in the bond market. This is now the conventional view, and those who hold it preach two forms of salvation.

The first is simply to proclaim that inflation is now over, and try to persuade investors not to be dismayed by yesterday's problems. The other is to tell the Administration into policy changes which would reduce prospective deficits. It is on this view, the prospect of large deficits even when the economy has recovered which is inhibiting the bond market and thus inhibiting the recovery itself.

Unfortunately neither the investment community nor the Administration seem ready to respond to these eminently sensible messages. Investors can readily be forgiven; stopping worrying to order is rather like the old nursery challenge not to think about crocodiles: it cannot be done.

The Administration is a more promising respondent, for it is extraordinary to see the party which most loudly denounced President Johnson for causing a decade of trouble by fighting the war of credit do what is, in economic terms, the same thing. The only difference

is the growth of large public sectors, which generate large deficits. These deficits may look like a problem in themselves, but they do serve to prevent the collapse of activity and especially of profits which have marked earlier crises. This unfortunately frightens bond markets.

The second great difference is that partly as a result of the first, inflation persisted well beyond the onset of the crisis, and as a result, much debt now carries a floating interest rate. This leads to a great intensification of what Minsky calls the problem of Ponzi financing—loans in which the borrower has to borrow part at least of the interest as well as the principal.

A Ponzi loan grows faster when floating rates rise; and if it is a bank loan, bank facilities grow correspondingly. As a result, high interest rates exacerbate the problem, adding both to the growth of debt and of the broader definitions of money.

The third great difference is that while a vast proportion of the debt is denominated in dollars, many of the lenders are not Americans.

The fact that the debt is in dollars means that debtors must earn dollars; this implies a weak U.S. merchandise account, as soon as the lending slows. It is the demand for dollars for financial settlements that makes the dollar so strong.

However, lenders in other countries get much of the in-

financing. Under this plan, countries would pledge a proportion of their foreign currency earnings to servicing their external obligations, and lenders would carry the associated risks.

These plans, produced by the logic of events, do at last address some of the fundamentals. They would all have the result of discouraging future Eurozone expansion, and of relieving borrowers from debt burdens which grow every time the Fed tightens its open-market policy. Debts would be manageable and recovery a great deal more likely.

However, this need not be the last word. A really effective reconstruction, it seems to me, should meet the following tests: it should create assets which investors are prepared to hold in their portfolios, thus deflating the world's bank debt rather than immobilising it; and it should reduce the preponderance of dollar-denominated obligations. This would in fact free the banks to resume normal business—in their own currencies—and reduce the danger

of U.S. protectionism. The Bailey plan, which would tap actual foreign currency earnings, seems to me to come nearest to meeting this test, though there are practical difficulties about monitoring the earnings. An alternative would be to index commodity prices, which are objectively known.

Finally, it seems worth adding, indexation is not just relevant to international debt. If the U.S. Treasury would follow the British example, and index its own long borrowing, the bond market fears which could yet abort the U.S. recovery could be stilled; indexed markets do reliably reflect some realities in the outside world.

Bankers know very well what is in the wind, and that is why the financial world is suddenly buzzing with talk of various rescheduling plans. The Rohatyn and Keren plans in the U.S., and the British Morgan Grenfell plan which the Bank of England has put tentatively on the agenda, all combine lower, fixed interest rates with a more or less severe penalty for lending banks. The Bailey plan from Washington proposes what amounts to an equity re-

financing. Under this plan, countries would pledge a proportion of their foreign currency earnings to servicing their external obligations, and lenders would carry the associated risks.

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Lombard

Wage restraint is the key

By Max Wilkinson

THE LABOUR PARTY has claimed that its economic programme could wipe 2m people off the dole lists by 1985. But the London Business School centre for economic forecasting has recently estimated (February 21) that a Labour programme would, at best, cut unemployment by only 300,000 by that date. At worst, it thinks the Labour programme would actually increase unemployment.

What is to be made of predictions so diverse that they seem at first sight to be talking about different economic worlds? In the realm of public discussion, such computer simulations are in danger of simply obscuring the real issues at stake.

The August equations of the Treasury economic model are inscribed in support of partisans. But sceptics answer that the model will "support" almost any policies if it is fed the right assumptions.

Such cynicism would be a pity, because the work recently done on the Labour Party's plan does highlight several crucial dilemmas about the British economy which would be the same for any party coming to power.

The first point which leaps out from any comparison in that huge uncertainties stand behind the apparently precise figures in any simulation. Will Arthur Scargill, for example, take on the Government in autumn 1984, and how will the foreign exchange markets react to the result?

The business school has tested a rather more modest (or more "realistic") programme of reflation, only about two-thirds as large as that proposed in Labour's Programme for Recovery last autumn. The business school's prediction spans only 31 years so that its cut of 300,000 unemployed compares with a cut of around 1m predicted by the Labour Party for the period.

Even so, the disparity is quite large. The main reason is that the Labour forecast is based on the much-trumpeted assumption that sterling would fall by 80 per cent over two years. The consequent pressure for higher wages would be checked by some euphemism for an incomes policy.

The business school, however, does not believe that tight discipline on wages is compatible with such a huge depreciation of the pound. It thinks, on the contrary, that if the line was held on wages at a time of surging public expenditure, foreign exchange markets would smile on sterling.

But if the wages dam burst, sterling would push through the breach to a substantially lower level. The inflationary prospect would then be so frightening that the Government would have to abandon its deflationary strategy in defence of sterling, and unemployment would rise. The Labour proposals represent a balance of high risks.

Politicians dare not say this on television, of course, but the party's economists have been much more candid. An appendix to the 70-page Programme for Recovery contains not one, but four computer simulations.

One of these shows that in the absence of any wage controls a programme of high public spending would quickly lead to a sterling crisis and disaster for the economy.

Another investigated what would happen if reflation and devaluation were accompanied by very severe pay restraint with average increases of only about 3 per cent a year over a five-year period.

The Treasury computer produced a result which would delight Mrs Thatcher as much as Mr Foot: after five years, unemployment would be eliminated; inflation would be 5 per cent, living standards would be up by 51 per cent; the balance of payments would be in healthy surplus and public borrowing would have fallen to 2 per cent of national output—even less than at present.

But both leaders know they cannot persuade—or force—people with jobs to make a big enough initial sacrifice in favour of the unemployed to achieve this result. In a sane world both parties would declare unilateral disarmament on this issue and seek jointly to persuade the electorate that whoever is Prime Minister, wage restraint is perhaps the most important key to future prosperity. As a start, the Labour party could promote this discussion from its place in a technical appendix.

The inventory turn could prove a false dawn

Britain is likely to prove a false dawn; and there are still some very worrying features.

Industrial investment and commercial building are both still sharply down even from their depressed levels last year, and the car market, such a dominant factor in the U.S., has relapsed from a promising recovery. Sales in recent weeks have been at a three-year low, and these were three dreadful years.

The recovery, then, still seems to need active help; and the inflation outlook has not looked better for a long time. Many prices have actually fallen since last summer, and the effect of lower oil prices is still to work through.

In these circumstances, the declared Fed policy until this week makes perfect sense; give priority to recovery, and encourage some necessary cor-

Letters to the Editor

Representations against legislation on tax havens

From Mr H. Roe
Sir,—Lee's reference (March 3) to the proposed legislation on tax havens and industry's objections to important tax cases, it was very welcome. Absence of comment in the Press may have persuaded even relatively informed individuals that the Government's attitude was one of indifference. It was not so. The proposals published in December 1982 were entirely acceptable whereas in fact a great deal has been going on below the surface and strong representations have been made against some of the proposals both in principle and in detail.

I have been persuaded to write to you because of a possible ambiguity in the second paragraph of Lee's article, which deals with dividend tax companies. He states "As drafted the legislation embraces taxation of that income." At

first glance this might be thought to refer only to income arising from "funds invested on a tax free basis." That is not the case. The legislation provides for taxation of income from reinvestment which may indeed be tax free but also for taxation of the original dividend income which will generally not be tax free. It will certainly have borne withholding taxes in the country of origin and will be out of profits made by companies operating perfectly properly under normal tax regimes. It is the taxation in the UK of this income to which real objection is taken by business interests.

In my view it is important to distinguish between the two kinds of income which dividend tax companies may receive. While one might accept that accumulation of "second tier"

income on a completely tax free basis should not be accepted—though there are very good arguments in principle against extending the UK taxing arm in this way—there really is no justification for extending UK taxation to dividends paid out of profits previously subjected to tax under a "normal" tax regime. As the proposals stand the tax incentives available in many countries—not least in the UK—will be lost completely if on a normal commercial basis dividends are paid out by the operating company to an intermediate holding or dividend tax company. The Government should think again about the implications of this policy.

H. R. Roe
Kelsall House,
Bagshot Road,
Sunninghill, Berks.

Attitudes towards tax planning

From Mr D. Gower
Sir,—I find Mr Emmerson's letter (February 23) interesting, in that his experience of the change of attitude on the part of some Revenue officials accords with my own.

It would be wrong if the Revenue adopted or appeared to adopt, the same hostile approach to legitimate tax planning as it rightly does to tax evasion, but I have seen cases where the vital distinction has not been recognised.

I agree with Mr Emmerson that the indications (that the Revenue may be taking an improper view in some cases) are that this does not represent a deliberate policy decision, but probably reflects the prejudices and attitudes of relatively junior staff.

If this is so, is it not about time that those in charge at Somerset House took steps to exert control over the officials who deal with the tax paying public and their advisers and to make it publicly known that this is policy?

David Gower
Pinsonnet and Co.
Post and Mail House,
26 Colmore Circus,
Birmingham.

Pirate signals of high quality

From the Finance Controller, Alcatel Restaurant
Sir,—The Men and Matters item on London pirates (March 3) raises some interesting points which, when read without question, tend to suggest that the instigators of pirate radio are irresponsible persons. This is not so.

We, and most of the pirate stations with which we have contact, do not condone the use by Radio Jackie of Independent Radio News, news which we see as a serious breach of copyright. Actions such as this can only harm our cause and turn the commercial world, whose support we need, against us.

Incidentally, we are often accused, by the authorities, of breaching copyright by the illegal broadcast of recorded material but one assumes that as most of the record companies supply us with promotional products, we are in fact acting with their consent.

On a more serious note, we refute allegations that we interfere with emergency services or the likes of Capital Radio and LBC. We have no desire to put people's lives at risk for the sake of our cause and as most of the existing "legal" stations provide a good service (within the guidelines laid down by the Independent Broadcasting Authority, etc) it would prove pointless to interfere.

We spend a considerable amount of capital on sophisti-

cated equipment (the majority of which is to USA standards), which enables us to transmit high quality signals to London, and the Home Counties. Such broadcasts are monitored throughout to ensure that interference does not occur.

Steve Price,
1 St Barnabas Road,
Woodford Green, Essex.

Exhausted after a hard day

From Jane Bedford
Sir,—I was most amused by Anne Swain's entertaining and light-hearted article, "The other women in your husband's life" (February 26).

My sympathies were aroused by visions of poor Mr Swain, exhausted after a hard day in the office at the hands of the female staff, hobbling home up Acacia Avenue, severely hampered by the misfeats which had been lovingly pressed into his socks, bemusedly clutching a packet of Odeur Eaters and pondering the possibility of a pile.

But where are the letters from all the Mr Swains? Surely they should be bitterly complaining at being portrayed as mindless morons, who unwittingly fall prey to even the most obvious temptations while they took the article in the spirit in which it was obviously intended.

They are no doubt smugly sniggering now at the rush of letters from outraged females (March 3 and 5), whose mani-

Support for mining communities

From Dr K. Sugars
Sir,—Your leading article of March 7 refers to the need for direct financial support for mining communities hit by closures but you do not say how this support should be provided.

In the long run handouts in the shape of massive redundancy pay and "half baked" job creation schemes will not help. What is required is positive action leading to new "real" jobs. It would make sense for the National Coal Board to set up a team drawn both from within and without the mining industry whose objective would be to establish new industries (owned by the NCB) in the immediate vicinity of the mines to be closed. It should provide re-training for redundant miners to work in these industries and oversee their development.

Such a scheme ought to lessen miners' fears of unemployment and if the job is done well the industries will be profitable and could be sold to private enterprise. This offers the opportunity to obtain value for money and to help with the regeneration of British industry.

(Dr) Keith Sugars,
9 Monstone Close,
Sidmouth, Devon.

Food, agriculture and the EEC

From Mr T. Warhurst
Sir,—To put your editorial of March 7 in perspective may I quote the following facts?

Global stocks of food are only 17 per cent of annual use (82 days supply). World wheat consumption has doubled in the last 20 years. In 1979 world wheat consumption exceeded production. The UK produces less than 1 per cent of the world's wheat. Despite massive advances in food production techniques, the biggest and totally uncontrollable factor in influencing crop yields is the weather.

A major world food shortage this century is entirely conceivable given the vagaries of climate and the inherently unstable condition of global agriculture. Prudent Governments of the world would do well to remember the strategic importance of food and stockpile those commodities which store almost indefinitely, such as hard grains, under a co-ordinated international food security policy.

Food is after all the only thing we cannot live without.

T. Jeffrey Warhurst,
Green Farm,
Sutton under Brails,
Banbury, Oxon.

Inner city development schemes sometimes produce more noise than results

Not so with GEAR—Glasgow Eastern Area Renewal—which is quietly revolutionising its area as a place to live, to work in, and to make profits.

Already, GEAR has injected real vitality and confidence into Glasgow's East End, simply by making things happen.

For instance: Over half its residents have improved homes, and are now living in new or fully modernised houses, some recently built by private developers.

Community facilities have been reinforced, and social services have found new strengths.

Established businesses, incoming companies and new ventures are investing and creating a new era of commercial competition.

In short, GEAR is a unique leader in urban regeneration and now brings to the market

a wealth of opportunities, backed by an enviable track record and a demonstration of success.

To locate in, invest in, develop in, or get your business into GEAR, contact the GEAR team, Scottish Development Agency, 120 Bothwell Street, Glasgow G2 7JR. Tel: 041-248 2700. Telex 777600.

Rebirth of a community.

GEAR

Deacon
in the
High Street
Building for the best
Tunbridge Wells (0892) 39211

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Thursday March 10 1983

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NEWPORT

For details of industrial development
contact Sarah Isaac or Tony Parker
Dept FT, The Civic Centre, Newport, Gwent
Tel: (0833) 56806

U.S. CAMPAIGN POINTS TO ACCELERATING THREAT FROM SOVIET UNION

Reagan presses case for arms build-up

By REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday launched a new campaign to persuade Congress and public opinion of the accelerating military threat posed by the Soviet Union and the need for a continuing strong U.S. arms build-up in response.

As the Pentagon published a glossy new booklet giving previously classified details of Soviet military expansion, Mr Reagan said: "We must continue to demonstrate our resolve not to allow the military balance to tip against the United States. The U.S., however, would not start fights," he stressed.

In Moscow, the Soviet government news agency Tass described the report as a mixture of lies and distortions. It said that deployment of new U.S. missiles in Europe would add impetus to the arms race and accused the U.S. Administration

of trying to mislead the public with false threats.

Mr Reagan's comments came the day after he had denounced Soviet communism as "the focus of evil in the modern world" in an unusually strong speech in Florida intended to woo his right-wing supporters.

Presenting the new 107-page study, Mr Casper Weinberger, the Defence Secretary, said that it demonstrated that Moscow had forged ahead in the past year in military modernisation, expansion and forward deployment of its forces on an even greater scale than before.

The pattern of Soviet missile development showed that Moscow wanted to be ready to fight a protracted nuclear war, he said.

Publication of the new material was designed to counter the growing movement in the U.S. for a "freeze" on the development of the

two superpowers' nuclear forces and to rally support for Mr Reagan's request for a \$238.6bn defence budget, a 10 per cent increase in real terms, for the coming fiscal year.

It was also intended to provide allied governments with ammunition to convince European public opinion that a Western arms build-up was necessary.

The other problem with an interim agreement was that it would leave the Soviet Union with no incentive to return to the negotiating table to discuss banning the missiles altogether, as the U.S. has proposed, he said.

The study said that the Soviet Union had begun test flights of a new generation of ground, sea and air-launched cruise missiles with nuclear capability and a range of more than 1,600 kilometres, "signifi-

cantly expanding the flexibility of Soviet strategic options."

The first of the Soviet Union's Typhoon class strategic ballistic missile submarines had test-fired its first multiple-warhead, 8,300 km-range nuclear missile, and a second Typhoon had been launched, Mr Weinberger pointed out that the new U.S. Trident 2 submarine missile system would not be ready until 1985.

The study also said that the Soviet Union had introduced additional nuclear-capable weapons to its forward deployed divisions in Eastern Europe, including the new mobile SS-21 short-range ballistic missile and a 152mm self-propelled gun, "adding to Soviet conventional, chemical and nuclear war-fighting options."

In a transatlantic television link to Nato headquarters in Brussels,

Mr Weinberger said that the patent "offensive character" of the Soviet arms build-up meant that Moscow was simply doing what its doctrine had always dictated "and that is world domination."

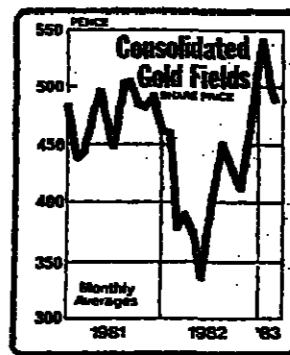
The report, entitled Soviet Military Power, said that since late 1981, when its first edition appeared, the Soviet build-up ranged from the deployment of an additional 1,200 modern T-80 tanks to the first flight tests of the Blackjack strategic bomber and two new land-based intercontinental ballistic missiles.

Mr Weinberger said that the number of mobile, accurate SS-20 intermediate-range missiles deployed had reached 351, and was continuing to grow. Up to 275 of the three-warhead missiles were targeted at Western Europe, he said.

Chemical weapons, Page 2

THE LEX COLUMN

Gold Fields cuts a new face



The sudden autumn hiccup seems to have been mainly due to the price war in the video cassette recorder field, where Japanese competitors have been cutting stocks with a vengeance. The integrated circuits business has also been giving the group problems, and volume growth, which had been running at around 6 per cent in the first half, came under pressure in the rest of the year. Even so, Philips has been able to improve its underlying trading performance by around 9 per cent compared with 1981.

While Philips did no more than hold its dividend yesterday, the market took the fourth quarter upswing as an encouraging sign, and pushed the shares up almost £1.10 to £17.50, where they yield around 5 per cent. Although borrowings remained virtually stable last year, declining interest rates should help the figures in the current year, and the long bout of reorganisations is now having some impact on net profits. The EEC agreement with Japan on VCR imports and prices should also provide some support to profits, although in the longer term Philips's limited size makes it vulnerable in this field - a point which may be germane to the group's designs on Grundig.

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Hence the unusual tone of W and D's statement yesterday, concentrating on helpfully informing the Charity's trustees that acceptance of the offer would double the income available for children's institutions, almshouses and the other beneficiaries. Of course, the Davenports directors among the trustees might see things a little differently.

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After beginning 1982 in fine style, Philips blew a fuse in the third quarter from which it has not fully recovered. It finished the year to December with net profits up 21 per cent at £1.433m, but despite an improvement in the final three months, trading margins fell from about 6 per cent to 4 per cent between the first and last quarters.

BSR

Market greybeards brought up on the general rule that rights issue announcements depress share prices must be feeling their age. Hot on the heels of Fisons and Guinness Peat, BSR has seen its

share price drop up 20p to 90p on yesterday's proposed issue of a one-for-three. The take-off has occurred in spite of an explicit statement that no more than a nominal dividend will be paid this year.

The enthusiastic response looks slightly more justifiable in BSR's case than in some others. Before the rights issue was 170 per cent of shareholders' funds, less than the limit set in the articles of association. With the rights and sale of new shares in place, gearing falls to an almost modest 45 per cent. Moreover, the surgery should put the audio division in a safe isolation ward. So shareholders find themselves with a fairly pure investment in Asotec, a Far Eastern operation in a computer components growth sector.

Cleaning up the group has been an expensive business, however. Stock write-offs and other exceptional items total £17.1m. Extraordinary debits come to £12.8m. So at the attributable level the loss for 1982 has emerged at £31.2m. However, £28m has been clawed out of working capital, so BSR has seen a cash inflow of £2.3m in the period.

Although interest payments should be halved to £4m this year, the audio side continues to face considerable difficulties, while price competition has intensified for Asotec's product. Pre-tax profits this year may still be in the region of £10m to £15m.

The snag for W and D is that the Davenports equity is very tightly held, notably by Baron Davenports' Trust, with 29.9 per cent, and the company's pension fund with another 5 per cent.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Thursday March 10 1983



Stewart Fleming and David Marsh analyse the latest developments in Europe's consumer electronics industry

Thomson settles for second best

THOMSON - BRANDT, the French state-owned electronics concern, has been sweeping through the German consumer electronics industry like a vacuum cleaner in the past few years, sucking up companies which fell in its path and in the process, grabbing 20 per cent of the valuable German colour television and video-recorder market.

Yesterday, amid the disappointment of having to concede that it was not going to be allowed to take over control of Grundig (a deal which would have doubled its share of the market) it disclosed that as a consolation prize it intended to acquire Telefunken, the struggling AEG-Telefunken's consumer electronics concern.

The news broke as AEG's creditors gathered in Frankfurt to agree to write off debts of DM 1.8bn (\$842m) the company owes them. Herr Heinz Durr was able to tell the 300 or so creditors in Frankfurt's Festhalle that the previous afternoon he had been able to get rid of a company which on sales revenues of around DM 1.7bn last year lost DM 200m in 1981 and still lost money, although at a much reduced rate, in 1982 on sales down to DM 1.5bn.

For AEG the sale represents an important step in easing the financial burdens it is still carrying. For Thomson-Brandt too, the addition of the still renowned Telefunken brand name will clearly ease the loss of failing to get control of Grundig.

Thomson-Brandt currently has

sales revenues of around DM 1.75bn in the consumer electronics business in Germany. In 1979 and 1980 it acquired Normende and Saba, each of which has some 10 per cent of the German colour television market and then last year it bought the failed Dual hi-fi firm. Thomson-Brandt produces colour television sets at two plants—a highly modern factory in Villingen-Schwenningen and an assembly plant in Bremen. Video cassette recorders are imported from Japan, although the company has made it clear it wants to build a manufacturing plant. Sales in West Germany, however, have not reached a high enough level to justify this, although with around a fifth of the market they have built up a solid base.

The West German Cartel Office is not expected to raise any objections to Thomson-Brandt's acquisition of control of Telefunken, in which case Thomson - Brandt will also, through Telefunken, acquire a one-third stake in the JFT video recorder factory in Berlin—a joint venture with JVC and Thorn-EMI.

Telefunken itself has been losing money heavily, but it has been going through a major reorganisation, cutting its staff from 10,500 to the current 3,000 in Germany in the past four years, and concentrating its television set production. Domestically, it has increased its colour television market share from 6 to 10 per cent in the past year.

Abroad where losses have



Dr. Max Grundig

been particularly heavy, it has been cutting back sharply, closing or selling plants in Italy, Mexico and Brazil. It still retains, however, a world wide network of plants which assemble television sets in kit form, a business which will add to its attractions for Thomson-Brandt.

Until January this year it seemed likely that it would be Grundig which would take over Telefunken in a consortium backed by AEG's bankers. But Grundig lost interest when the Thomson-Brandt deal surfaced—such a mammoth merger would have stood even less chance of official approval than the Grundig/Thomson-Brandt deal. That has now been turned

down on competition policy grounds—as was originally expected.

It would appear that Grundig is now going to have to struggle along on its own. But appearances are probably deceptive. The Dutch electrical giant Philips is already Grundig's partner with a 24.5 per cent stake—founder Dr Max Grundig owns the balance. Indeed it was Philips' determination not to surrender that stake which has stopped Thomson-Brandt in its tracks.

Philips' determination to hang on to this holding strongly suggests that if anybody is going to emerge as Grundig's long term partner it is Philips. Indeed, Philips itself has been more explicit in the past week about the high value it puts on its relationship with Grundig.

The pressures on Grundig to secure its future are great. It has 30,000 employees producing around DM 3bn of turnover—not much more than the 8,000-9,000 Thomson-Brandt/Telefunken workforce produces. In four years it has cut its foreign manufacturing plants from 23 to 12—two more closures, one abroad and one in West Germany, are scheduled for the next few months.

Grundig lost DM 187m in 1980-81 and DM 35m in 1981-82, and losses like a company still badly in need of further slimming down, even if it claims, it will report profits for its year to March 1983.

Philips reports earnings up 21% in full year

BY WALTER ELLIS IN AMSTERDAM

PHILIPS, the Dutch electrical group, reported net profits last year of F1 433m (\$162.8m) — 21 per cent up on 1981 and more than had been expected by most analysts. Sales volume rose by 4 per cent, but in earlier terms the rise was held down to 1 per cent because of adverse foreign exchange movements.

On the Amsterdam stock market, the reaction was positive, and Philips' shares rose by more than a guilder, to F1 37.60.

The results, which cover both Philips NV and the United States Philips Trust, were said by the company to have been satisfactory, especially in view of the absence of international economic recovery and "serious upsets" in the market in some product fields — a reference to Japanese price cuts in the vital video recorder sector.

Dutch analysts agreed yesterday that the results were satisfactory, while pointing out that falling interest rates in 1982 contributed significantly to the earnings total.

Trading profit fell last year from F1 2,183m to F1 2,130m against

1981. Philips observes, however, that the 1981 figure was inflated by an extraordinary income of F1 385m deriving from a change in the methods of determining provisions. The costs of normal restructuring, which are charged to trading profit, came to F1 127m, compared with F1 267m in 1981, and, after taking account of this factor, trading profit rose by 9 per cent.

Financing charges, which rose steeply throughout 1981, declined markedly last year. Total liabilities as a percentage of capital employed (F1 43.29bn) remained much the same, however: 38.8 per cent last year against 39 per cent in 1981.

Pre-tax profit increased considerably, from F1 551m in 1981 of a high-end average tax burden. Profit after tax, at F1 472m, was a 26 per cent improvement on the previous year's total of F1 370m, representing 1.1 per cent of sales against the 1981 figure of 0.9 per cent.

An unchanged dividend of F1 1.80 has been proposed, 60 cents of which had already been distributed

as an interim dividend in December. If this recommendation is accepted at the annual meeting of shareholders on April 26, and taking into account the results of the United States Philips Trust, of which Philips NV shareholders are beneficiaries, the net addition to retained profit for 1982 comes to F1 106m.

Full profit and loss accounts for the 1982 fourth quarter have not yet been released. Sales rose by only 1 per cent over the same period in 1981, to F1 12,478m. Net profit went up by 33 per cent, to F1 1,033m, while trading profit fell by 17 per cent, to F1 488m.

The lower trading profit in the fourth quarter was caused by inclusion of an extraordinary item of F1 385m in the October quarterly results of 1981.

A sharp rise in the fourth quarter profit after tax, from F1 26m in 1981 to F1 145m, is attributed by Philips to the fact that the 1981 figure was badly hit by exchange rate losses and the costs of discontinuing various group activities.

Holzmann overseas sales fall

By James Buchan in Bonn

PHILIPP HOLZMANN, West Germany's largest building group, achieved satisfactory earnings in 1982 despite a fall in overseas building volume.

In its latest shareholders' letter, Holzmann says that overall building volume fell last year by 4 per cent to DM 7.3bn (\$3,046m). Overseas activity was down 6 per cent because of difficulties in the Third World and the oil-producing countries.

At home, a stagnant market received a boost in the fourth quarter. The group was not ready to predict whether the new German Government's measures to stimulate house-building would lead to a lasting recovery in construction.

In 1981, Holzmann, announced earnings of DM 43m against DM 40m in 1980, and paid a 25 per cent dividend.

Orders booked in the course of the year were up 5 per cent on 1981, and the group began the current year with orders in hand worth DM 9.6bn, up 6.8 per cent on the start of 1982.

Restructuring hits Sandvik

By Our Stockholm Correspondent

SANDVIK, the Swedish special steels group, showed a sharp drop in profits last year from SKr 530m to SKr 68m (\$6m) on sales of SKr 9.5bn. The results correspond to earnings per share of SKr 16, down from SKr 27.

Although sales rose by 5 per cent to SKr 9.5bn, company officials said a 10 per cent drop in volume on all markets, and a large scale restructuring programme, were largely responsible for the poor earnings. Results in all divisions were down, and the cemented carbide operations were the only one to show a profit.

Earnings before non-recurring items were SKr 310m.

Loss of C\$369m for Dome Petroleum

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, the troubled Canadian energy group, has reported a final net loss of C\$369m (U.S.\$301.2) or C\$1.71 a share for 1982, the bulk of it coming from non-recurring items totalling around C\$314m. The company says performance in the fourth quarter showed an improving trend.

In 1981, before Dome was overtaken by a debt crisis, the company showed a profit of C\$190m or 80 cents a share. Cash flow in 1982 was C\$212m against C\$389m. Revenues were C\$3bn against C\$2.2bn.

On an operating basis, Dome showed a loss of C\$35.3m in 1982.

The 1982 fourth quarter showed an operating net profit of C\$37.8m against C\$48.9m a year earlier.

The special non-recurring items for 1982 included a C\$214m write-down in the value of Dome's oil and gas properties due to lower world crude oil prices.

The 1982 cash flow was struck after preferred dividends, exchange losses and a C\$122m provision for taxes which it believes will be recovered in 1983.

The company said: "Things began to turn around in the third quarter and our financial results continued to improve in the fourth quarter."

Weak prices affect Preussag

By Our Bonn Staff

PREUSSAG, the West German metals, energy and transport group, increased its sales last year by only 1.3 per cent to DM 43m (\$1.6bn) but will report a satisfactory result.

Sales in the metals division fell by DM 50m to DM 1.1bn and the group has been obliged to take its lead works in Montreuil temporarily out of operation.

Better performances in the transport division, which increased sales 14.6 per cent to DM 637m, and in coal operations, where turnover climbed from DM 853m to DM 876m, could not fully make up the setback in metals, the group said in an interim report.

Telefunken should prove cheaper option

BY DECIDING in favour of a marriage of convenience with Telefunken rather than what would have been the electronics wedding of the decade with Grundig, Thomson-Brandt has no doubt lowered its matrimonial sights.

It is also taking on board a suit, which will pose a great deal fewer industrial problems and—most important—will cost much less to maintain.

Thomson said yesterday it was "satisfied" that the deal would be allowed to go through—and also made clear that it could not tolerate the same long drawn out delay which accompanied the tortuous courtship with Grundig.

The price for taking Dr Max Grundig's 75.5 per cent stake in Grundig was never officially disclosed. French government officials put it at between DM 800m and DM1 bn at the outset. The price tag on the takeover fell during recent months, as the full extent of Grundig's

financial malaise became clearer. None the less, Thomson itself—which made a loss of about FFr 1.5bn last year—officials made clear yesterday that the bill would have been footed through a mixture of government funds and borrowings.

About 4,000 people are employed in the video recorder factory in Berlin, a joint venture between Telefunken, Thorn-EMI of the UK and JVC of Japan, and at its television set plants. The message from Thomson yesterday was that the two plants would be kept going and there would be no redundancies.

But restructuring to achieve better cohesion with Thomson's other interests in West Germany—about 4,000 employees at the TV manufacturers Saba and Normende and the hi-fi company Dual—is always possible later on.

With a rationalisation plan already put into effect at Tele-



M. Alain Gomez, chief executive of Thomson

funken following the financial collapse of its parent company AEG-Telefunken, Thomson says

that both the takeover price and the associated restructuring costs will be much lower than it had taken over Grundig.

Philips, which has played an increasingly ambiguous double game in its dealings with Thomson and Grundig, is now clearly labelled as a competitor on the European market.

With Thomson now moving firmly into the camp of the VHS video recorder standard of JVC—from which it already imports the machines for sale on the French market—plans for marketing and eventually producing video cassette recorders of the Philips/Grundig V2000 standard have now been firmly called off.

But it is still possible that some co-operation could take place with Philips over producing the planned new 8-mm standard video equipment, according to Thomson officials yesterday.

Fortia profits soar by 143%

By David Brown in Stockholm

FORTIA, the Swedish pharmaceutical and biotechnology company, improved its pre-tax profit by 143 per cent from SKr 131m to SKr 318m (\$43m) for 1982. Sales climbed 29 per cent to SKr 1.8bn. The profit figure exceeds company forecasts.

Profit per share grew from SKr 6.6 to SKr 14.8. Of the total result, SKr 307m was generated by the company's pharmaceutical division, Pharmacia, where earnings almost doubled over 1981.

Its separation products division showed the largest sales growth at 52 per cent.

In the course of the year, the group purchased P-L Biochemicals, a U.S. biotechnology company with annual sales of about \$7m, from the Pabst Brewing Company.

The firm distributes a full range of biotechnology and is said to be active in hybrid DNA research.

As the group is better known to its customers as Pharmacia, the board has recommended that it change its name accordingly.

Sales in 1983 are forecast to increase by at least 35 per cent, and earnings "even more," provided that current exchange rates prevail.

Sharp upturn at Bergen Bank

BY FAY GJESTER IN OSLO

BERGEN BANK, Norway's third largest commercial bank, reports a very marked improvement in profits for 1982, after several years of relatively poor performance.

Income from commissions, foreign currency trading and net interest income were all up on 1981, and operating profit, before loss write-offs, was Nkr 254m (\$35.4m).

This corresponds to 1.17 per cent of average capital employed, compared with 0.88 per cent in 1981. A dividend of 13 per cent is being paid.

Total assets increased by a moderate 13 per cent during 1982—just ahead of the country's 11 per cent inflation rate—and by end-December stood at Nkr 22.5bn. Net interest income improved to 2.91 per cent of average total assets, from 2.62 per cent, earnings on foreign currency dealings jumped to Nkr 87m, from Nkr 32m, and other income (from commissions) rose 17 per cent to Nkr 262m.

Allocations to funds were Nkr 125m, while loss write-offs totalled Nkr 94m, leaving the bank's contingency fund at Nkr 461m. Initial loss write-offs in connection with the bankruptcy of Nysa Tofte, a large Norwegian cellulose plant, accounted for Nkr 80m of the 1982 write-off figure, but the final cost to the bank could be considerably higher than this. The plant is being kept in operation by Bergen Bank pending a final solution of its financial problems.

Mr Finn Henriksen, Bergen Bank's managing director, is now retiring. His successor is Mr Egil Gade Grove.

ITT lifts income after sale of STC stake

BY OUR NEW YORK STAFF

INTERNATIONAL Telephone and Telegraph (ITT) increased its net income from \$677m to \$703m for 1982, but the improvement stemmed entirely from a gain on the sale of a 50 per cent interest in Standard Telephones and Cables of the UK.

Mr Rand Arasag, ITT's chairman and chief executive, said the company expected its 1983 results would be only slightly better than in 1982. He also signalled the end of

an era for the U.S. conglomerate with the announcement that Mr Harold Geenen, the architect of the company in its present form, would retire from the board in May.

In per share terms, net income for the year of \$4.75, includes a gain of 82 cents on the STC sale. The previous year's net income of \$4.58 a share included an extraordinary cost for a tax settlement that reduced earnings by 12 cents a share.

Foreign currency effects during 1982 increased earnings by 5 cents a share, compared with a gain of 28 cents in 1981.

Net income in the fourth quarter totalled \$272m or \$1.84 a share, and the rise from \$247m or \$1.67 a share a year earlier was all due to the STC sale.

Sales and revenues in the final period were down from \$8.4bn to \$5.7bn, and the year as a whole brought a decline from \$23.2bn to \$21.9bn.

ITT said the decline in sales was mainly due to the strength of the U.S. dollar and the impact of diversifications. On a like-for-like basis, 1982 would have shown a 4 per cent sales gain.

Quebec agency looks abroad

By Our Montreal Correspondent

THE CAISSE de Depot et Placement, a Quebec Government agency which invests Quebec pension plan and provincial automobile insurance contributions and other public sector funds, plans to build a C\$100m (U.S.\$81.5m) foreign investment portfolio.

The Caisse, with more than C\$15bn in assets, was set up 17 years ago when Quebec opted out of the Canada pension plan and set up its own system for providing public pensions. Its investment powers follow broadly those of Canadian insurance companies. About half its annual pension fund contributions are invested in Quebec and Quebec-Hydro bonds.

In the past two years it has built up a holding of nearly 10 per cent in Canadian Pacific, Canada's largest private sector holding company, and about 7 per cent of such companies as Alcan Aluminium and Nova of Calgary. Its efforts to get boardroom seats have been refused except in the case of Domtar, a large forest products and building materials group based in Montreal, which it effectively controls with another Quebec Government agency.

Setback for Brascan

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the holding company controlled by the Peter and Edward Brownman interests, reported sharply lower earnings for 1982 following setbacks at its resource subsidiaries. Net earnings were C\$80.1m (U.S.\$42m) or C\$1.04 a share against C\$107.5m or C\$1.30m a year earlier, on revenues of C\$259m against C\$351m. Fourth quarter earnings were equal to 92 cents a share against 94 cents.

Losses were incurred by Noranda Mines, one of Brascan's main resource and industrial products subsidiaries, which in turn controls MacMillan Bloedel, the Vancouver-based forest products group which made a C\$57m net loss last year. Subsidiaries in the field of financial services performed satisfactorily.

Brascan will continue consolidation through 1983.

CITICORP
through its subsidiary
Yonder Investment Corporation
has sold
SCAM
Société de Crédit pour l'Acquisition et l'Amélioration des Immeubles
to
Barclays Bank S.A.
The undersigned initiated the transaction and acted as financial advisor to Citicorp

CITICORP
CAPITAL MARKETS GROUP
London
December, 1982

"Bilbao" Compania Anónima de Seguros (Spain)
has entered into an association with
N.V. AMEV (the Netherlands)

The undersigned initiated the transaction and acted as financial advisor to "Bilbao" Cia Anónima de Seguros

CITICORP
CAPITAL MARKETS GROUP
London
December, 1982

All these securities have been sold outside the USA. This announcement appears as a matter of record only.

February 1983



3,000,000 shares

ALHAMBRA MINES, INC.

Common Stock @ U.S. \$3.00 each

Sarasin International Securities Limited
Simon & Coates

WESSANEN U.S.A. INC.

(New York)

an indirect wholly-owned subsidiary of
Koninklijke Wessanen N.V.
(Netherlands)

has acquired through merger

Crowley Foods, Inc.

We initiated this transaction,
assisted in the negotiations
and acted as financial advisor to
Wessanen U.S.A. Inc.

CITICORP
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GROUP

January, 1983

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Agent

February 18, 1983.

Weekly net asset value

**Tokyo Pacific Holdings (Seaboard) N.V.**

on 7th March, 1983, U.S. \$63.28

Listed on the Amsterdam Stock Exchange

Information: Pierson, Halding & Pierson N.V.,
Herengracht 214, 1016 BS Amsterdam.

VONTOBEL EUROBOONDINDIZESWEIGHTED AVERAGE YIELDS
PER MARCH 8 1983

	Today	INDEX	%	Year's
		Last week	High	Low
USS Eurobonds	11.84	11.71	12.22	11.81
DAI (Foreign Bond Issues)	7.83	7.82	7.79	7.81
HFL (Bearer Notes)	7.87	7.84	8.07	7.43
Cons Eurobonds	12.83	12.80	13.55	12.93

J. Vontobel & Co. Bankers, Zurich - Tel: 010 411 682 7111

INTERNATIONAL COMPANIES and FINANCE**Direct yen loan a first for Disney**

By Jurek Martin in Tokyo

WALT DISNEY Productions will break new ground today by becoming the first U.S. corporation to raise a direct syndicated yen loan from a predominantly Japanese banking consortium.

The agreement for a 10-year loan of ¥15bn (\$63m) at 0.2 per cent above the long-term Japanese prime rate at the time of draw-down, constitutes something of a financial appetiser for the more diverting opening next month of Tokyo Disneyland, the first Disney amusement park to operate outside the U.S.

But it may also be interpreted as an indication of a new willingness on the part of Japanese financial institutions to offer direct loans to foreign corporations for non-Japanese operations. Until now, foreign corporate fund raising in Japan has been mainly confined to the issue of Samurai bonds—yen denominated paper sold on the Japanese capital market.

The Disney agreement is also novel in that the Japanese branches of five American banks have for the first time joined institutions. The lead manager and agent for the loan is the Industrial Bank of Japan, this country's largest long-term credit institution. The four managers are the Long Term Credit Bank of Japan, Daiwa Securities, Mitsu Bank, and Nippon Life Insurance.

Of the 12 participants, the five U.S. banks are the Bank of America, Bankers Trust, Chase Manhattan, Citicorp Bank, and the First Interstate Bank of California.

Disney intends to put the loan to use for its U.S. operations. The company has no direct financial stake in the Tokyo Disneyland venture, which is owned by Oriental Land Company, itself jointly controlled by Mitsu Real Estate and Keisei Electric Railway.

However, Disney does stand to derive substantial income from Tokyo Disneyland. It gets a straight royalty of ten per cent of admission fees and five per cent of all food and beverage sales.

If Tokyo Disneyland does attract the anticipated 10m visitors a year, each spending about \$30 per visit, then Disney's share of gross revenues will be in the region of \$18m to \$15m a year receivable in yen. The assumption is that Disney will use these proceeds to repay the loan, thus eliminating any foreign exchange risk.

Disney officials here also noted that Japanese interest rates are currently below those in the U.S. and likely to remain so.

Profits per share improved to ¥12.35, from ¥10.08 and the dividend is unchanged at ¥7.

SOUQ AL MANAKH**Kuwait groups' shares suspended**

BY KATHLEEN EVANS IN KUWAIT

A NUMBER of companies whose shares had soared in value on Kuwait's unofficial Souq al Manakh stock exchange before its spectacular collapse last year, have been suspended from trading for failing to produce balance sheets by a deadline set by the country's Commerce Ministry.

Senior ministry officials say that 14 companies were originally suspended for failing to make the February 24 deadline but that subsequently five had been relisted on the exchange. The Souq al Manakh has been effectively moribund since last September's collapse which left \$94bn worth of post-dated cheques in its wake.

The suspensions are a symptom of the prevailing confusion over post-dated cheques ensuing from dealings on both the Souq al Manakh and the official Kuwait Stock Exchange. A number of the companies listed on the Manakh exchange had been trading in their own right, and were subsequently left holding cheques when the crash occurred. Until some settlement is arranged to ascertain the value of those cheques, many companies in Kuwait, both locally registered as well as the Gulf offshore companies, are unable to draw up their annual accounts.

The dilemma is causing considerable difficulties for the country's auditors. Many of these are refusing or delaying signing balance sheets until the government provides guidance on how to value the cheques.

Leading auditors in Kuwait say they are assessing the worth of each cheque on an individual basis, using their knowledge of the local market and the businessmen involved. But for cheques written by any of the 70 individuals currently facing bankruptcy proceedings, they have been asking their clients to make 100 per cent provisions for the amounts involved.

Assessing the value of post-dated cheques is not the only problem for local auditors and their clients. Many companies face substantial write-downs on their holdings of Gulf company shares with auditors apparently calculating the value of those shares by the spot price on the last day of last year. This would represent a loss of some 60 per cent from the peak of trading which occurred last May.

The Manakh problem has affected a number of the 250 Kuwaiti private companies. Local Chamber of Commerce officials believe that a number will have to divest themselves of assets in order to create the provisions required to cover their post-dated cheque debts.

The Sharjah Group Kuwait, for example, a company

capitalised at \$200m holds around \$1bn in post-dated cheques. Company officials say these are about equally balanced on either side of the balance sheet. The Sharjah group is one of the companies currently under suspension by the Ministry of Commerce. The company's auditors have recommended postponing the signing of the balance sheet until clear guidance comes from the Government regarding those cheques, said a Sharjah Group official. The situation of the Kuwait-based company would not affect the status of its wholly-owned London subsidiary, Sharjah Group Holdings, said a company executive.

Another Gulf company, Al Jazeera Contracting, which is also still under suspension, said its balance sheet would be submitted in the next few days, and that the value of the disputed cheques held was insignificant. Gulf Union Insurance, another Manakh traded company, said that 50 per cent of its post-dated cheques had been assumed, to be "doubtful," but the total amount involved was less than its \$20m capital.

The next vital step in unravelling the problem is the passage of a Government bill through Parliament which is designed to alter, temporarily, the country's bankruptcy laws

for stock exchange dealings only. Part of the bill would enable the government to establish a trust fund to take over the assets of the bankrupts. The trust would then issue discountable notes so that the second tier of investors will be able to pay off their creditors. In this way, a chain reaction of bankruptcies can be avoided.

Some deputies, however, feel that the major bankrupts would be let off the hook by such legislation, and they are pushing for the full penalties of the law to be applied. They are also disputing the cut-off date on the maturity of the cheques, the Government had been hoping to limit the cheques' maturity in order to defuse the size of the problem.

The whole matter has been referred to a Parliamentary legislative committee for study, and will not be raised again until the committee's report is finished.

A headline in yesterday's Financial Times suggested that some of Bahrain's offshore banking units (OBUs) were having to make provisions for uncleared post-dated cheques arising from the collapse of the Souq al Manakh in Kuwait. We wish to make it clear that none of the offshore companies referred to was an OBU.

Hong Kong rejects deposit insurance

BY ROBERT COTTELL IN HONG KONG

Mr John Brembridge, Hong Kong's Financial Secretary, yesterday rejected the concept of an insurance scheme to protect deposits made with local credit institutions. Replying to a question in a meeting of the territory's legislative council, Mr Brembridge said premiss for such a scheme would be "prohibitive."

Hong Kong's secondary banking sector, the registered deposit-taking companies (DTCs), has been hit by problems over the last five months resulting in the revocation of

seven registrations. Mr Brembridge said that he preferred to concentrate on "striving to ensure that individual institutions are soundly managed." Deposit insurance, he said, meant a scheme "whose costs would fall on the prudent in the interests of the imprudent."

Mr Brembridge said that Hong Kong's strongest institutions were already prepared "to stand behind the weak in a way which does not simply help depositors but may also save the institutions." When the problems of DTCs began to surface, the Hong Kong Bank and the Char-

tered Bank — the two largest local banks — announced their willingness to support temporarily troubled DTCs which they viewed as basically sound.

Deposit insurance had been suggested by some local observers of the financial markets as a way of shoring up confidence in DTCs. The difficulties felt by several DTCs in recent months is attributed by some analysts to legislation progressively excluding them from the market for short-term public deposits, at a time when a weak local property market has eroded asset values and made

some banks less willing to lend funds to DTCs via the inter-bank market.

● **CURRENT FINANCE**, a registered DTC which is part of the CBG financial group, was put into liquidation by court order yesterday following a winding-up petition brought by employees. Liquidation orders were issued last Friday against two other registered DTCs, Tetra Finance and Arona International Credit and Commerce. The registrations of all three companies had already been revoked by local banking authorities.

This announcement appears as a matter of record only.

\$55,000,000**Venezolana Internacional de Aviación, S.A.**

Lessee

Lease of two Douglas Model DC-9 Series 80 Aircraft,
two Pratt & Whitney Model JT8D-217A spare engines
and additional spare parts

The undersigned acted as financial advisor to the Lessee and structured and arranged the lease with an institutional investor.

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March, 1983

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**Líneas Aéreas de Costa Rica**

\$4,700,000 Variable Rate Loan due 1991
Secured by a First Perfected Security Interest
in One Used Boeing 727-200 Aircraft.

\$6,300,000 Sale of Two British Aerospace Corporation
1-11-500 Aircraft to Dan-Air Services Limited.

\$726,600 Advance Payment on a Counter-Seasonal Lease
of One Boeing 727-200 Aircraft.

The undersigned arranged the Variable Rate Loan and, in conjunction with HTP Ltd., initiated and assisted Lacsa in the negotiations leading to the completion of the aircraft sale and counter-seasonal lease.

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March, 1983

INTL. COMPANIES & FINANCE

Emilia Tagaza reports on a drawn-out fight in the Philippines

Uneasy truce in San Miguel battle

THE YEAR-LONG fight between two of the Philippines' most prominent business families for control of San Miguel, the country's largest publicly quoted company, which dominates the brewing and food-processing industries, has apparently reached a ceasefire, although it is unclear whether the battle is over.

Mr Enrique Zobel, president of Ayala Corporation, itself one of the Philippines' biggest companies, with interests in property and banking, had been trying to remove control of San Miguel from his cousin, Mr Andres Soriano, by buying shares and challenging board decisions in the courts. Now he has sold almost all of his 20 per cent shareholding and resigned from the board.

The 56-year-old Mr Zobel, a hard-hitting corporate boss, who has made intrepid criticisms of Government policies, has said that he sold shares and resigned from the San Miguel board—he was vice-chairman—to protect himself against the charge of seeking the chairman's job. His purpose was to defend "sound and fair business" principles and the shares sale was to prevent "people questioning my motives."

Yet Mr Zobel has in his leaving San Miguel done little to clear the air in Manila. The financial world remains unsure as to what has been happening behind the closed doors of the San Miguel boardroom, and the idea that Mr Zobel's holding was bought by Mr Eduardo Cojuangco, a close friend of President Ferdinand Marcos, has done little to quieten speculation.

Mr Zobel's challenge to the Soriano family control of San Miguel has on-going significance. Questions have been publicly raised about management policies and the rate of returns on investment in a company which had, until last year, a total monopoly over beer production in the country. Beer sales provide some 80 per cent of San Miguel's earnings.

It was easy for Mr Zobel—whose straightforward manner and criticisms of Government policies have heightened his business reputation—to convince ordinary San Miguel stockholders of the sincerity of his motives, especially following his vowing to continue the fight after his withdrawal from the board.

However, stockmarket suggestions that the bulk of the shares he sold were bought by a businessman close to President Ferdinand Marcos have cast some doubt over his ability to influence decisions in the company.

The Philippines Government

already holds a substantial share in San Miguel, and has two representatives on the board—Mr Carlos Romulo, the Foreign Minister, and Mr Roman Cruz, the president of Philippine Airlines (PAL). Mr Zobel now has to contend in particular not with one, but with two other groups at San Miguel.

The bitter dispute has seen the two Philippines business families, involved in cases before the country's Securities and Exchange Commission, and locked in battle behind closed doors over the opening up of San Miguel's books.

Mr Zobel, has consistently suggested that management

Miguel. Some of the San Miguel stockholders moved for the ousting of Mr Zobel from the board on the grounds of "conflict of interest."

Of the total shareholdings in San Miguel, leaving aside just under 1 per cent held by Mr Zobel and the near-20 per cent he recently sold, some 40 per cent is under the control of Mr Soriano; the Roxas family, related to the Zobel and Soriano families and holding wide business interest themselves, control some 8 per cent; the general public holds about 25 per cent; and the remaining shares are in the hands of Government institutions and of

have been confident that he would get enough proxy votes during the May stockholders' meet to keep him on the board as an ordinary member. And he now seems to be trying to get more support and sympathy from ordinary stockholders by saying that Ayala's style of management pays off more, as can be seen from the two companies' financial performance. "We have a conflict of management styles—a traditional management style versus one run on a professional and open basis and the difference is obvious in the return Ayala gives to its stockholders," he says.

Last year, Ayala's gross earnings reached 385m pesos (\$42m) and net profit was 150m pesos, giving a 39 per cent return on sales. Meanwhile, San Miguel's gross revenue last year amounted to 5.2bn pesos (\$559m) while net income was 283m pesos, giving a return of 5 per cent.

But differences in the nature of each group's business colour the comparison.

While Ayala is involved primarily in the relatively high-yielding property business, San Miguel's main line is food manufacturing and processing.

There are other possible reasons put forward as to what prompted Mr Zobel to challenge the Sorianos. The one that most brokers and stockholders cling to concerns Mr Soriano's health. Last year he had an operation for a brain tumour and he still undergoes periodic treatment in the U.S. Questions have therefore been raised on how much longer he will manage San Miguel's affairs, and Mr Zobel may, it is suggested, have wanted to consolidate his position in order to keep control of the company within the clan.

Some stockbrokers suggest that after the unloading of the shares the Soriano clan may have been convinced of Mr Zobel's "good intentions" towards San Miguel.

Others suggest that Mr Zobel is avoiding any charge of seeking the top post in San Miguel, the better to pursue the aim at San Miguel's May general meeting of forcing through some of the changes he has been seeking.

Yet, whatever Mr Zobel's plans, ordinary stockholders appear not to mind which of the families eventually calls the shots at San Miguel. Stockbrokers say that those of their clients with smaller blocks of San Miguel shares are far more interested in receiving their dividends than in being dragged into the dispute.

practices at San Miguel are responsible for relatively low returns on the company's large earnings.

San Miguel is managed by the A. Soriano Corporation (Anscor), which is controlled by the Soriano family. One of the cases before the SEC demanded details of the payments made to Anscor by San Miguel.

Mr Zobel has also been seeking answers to questions about a number of San Miguel operations. One of these, a joint venture with Creusot-Loire of France to make ironware, never got off the ground, while a second, a \$50m brewery in San Fernando, Pampanga, sits idle.

He has also sought a complete list of all contracts valued at more than 100,000 pesos (\$10,000) and a detailed breakdown of San Miguel's corporate structure.

However, the Soriano family and their associates who make up a majority on the board of San Miguel, have refused to make these disclosures to Mr Zobel, arguing that his company, Ayala, had recently diversified into agribusiness ventures and was therefore competing directly with San



Mr Andres Soriano (left), the president of San Miguel, and Mr Enrique Zobel, who has resigned from the board



LONG ISLAND LIGHTING COMPANY

U.S. \$150,000,000

EURODOLLAR CREDIT FACILITY

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U.S. \$20,000,000

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February 1983

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Société Générale de Banque, S.A.

January, 1983

This announcement appears as a matter of record only.



PNEUMO CORPORATION

U.S. \$50,000,000

EURODOLLAR CREDIT FACILITY

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The Mitsubishi Bank, Limited

The Bank of Tokyo Trust Company

The Industrial Bank of Japan Trust Company

Agent Bank

International Westminster Bank PLC

March 1983

ZAMBIA COPPER INVESTMENTS LIMITED

(Incorporated in Bermuda)

RESULTS FOR THE HALF-YEAR ENDED DECEMBER 31, 1982

The following are the unaudited results of the Corporation and its subsidiaries for the half-year ended December 31, 1982, which should be read in conjunction with the accompanying notes.

	Half-year ended December 31 1982	Half-year ended December 31 1981	Year ended June 30 1982
Dividend income (Note 1)	US\$400,000	US\$365,000	US\$365,000
Other income	1,813	1,178	2,487
Exchange gain (loss)	197	4	(2,312)
Administration expenses	(2,057)	(3,547)	(2,542)
Earnings before taxation	1,792	3,884	2,417
Foreign taxation	(140)	(833)	(572)
Earnings before extraordinary items	1,652	2,751	1,545
Extraordinary items (Notes 2 and 3)	(3,481)	—	(101,045)
Net (loss) earnings	(1,829)	2,751	(99,500)
Retained earnings at beginning of period	—	3,514	3,514
Transfer from share premium	2,230	8,265	(95,896)
Retained earnings at end of period	3,230	6,265	101,045

Notes:

- No dividend income was received from Zambia Consolidated Copper Mines Limited (ZCCM), during the half-year ended December 31, 1982. The kwacha equivalent, net of withholding taxes, of US\$6.3 million of previously accrued income, remains blocked in Zambia.
- The extraordinary item of US\$3,481,000 arose mainly as a result of the devaluation of the Zimbabwean dollar on December 9, 1982. An additional amount of approximately US\$2,500,000 will be shown as an extraordinary item in the second half of the year arising from the devaluation of the Zimbabwean dollar on January 7, 1983.
- Botswana RST Limited (BRST) and BCL Limited (BCL) continue to experience serious financial difficulties. In October 1979, this Corporation granted De Beers Consolidated Mines Limited (De Beers) a fixed charge over all its assets as security for certain contingent liabilities undertaken by De Beers at that time in respect of BRST and BCL. In June 1982, the financial structure of BCL was substantially reorganised and, as a result, certain of the aforementioned contingent liabilities crystallised during the six month period ended December 31, 1982 and it is anticipated that others will do so in the future, although the amounts thereof cannot be reasonably estimated. In consequence, at December 31, 1982, this Corporation was obliged to pay to De Beers an amount of US\$3,007,000 of which US\$292,000 has been determined as irrecoverable and treated as an extraordinary item. As at December 31, 1982, the contingent liabilities amounted to the equivalent of US\$15,215,000.
- In the light of the above-mentioned circumstances, the directors have not declared an interim dividend in respect of the financial year ending June 30, 1983.
- ZCI has a 27.3% interest in ZCCM, whose latest available results are as follows:

	Half-year ended September 30 1982	Half-year ended September 30 1981	Year ended March 31 1982
Production (tonnes)	287,082	288,141	591,853
Copper	1,211	1,221	2,686
Lead and zinc	30,447	21,378	47,513
Sales (tonnes)	324,670	304,338	569,995
Copper	1,249	720	2,241
Lead and zinc	36,429	18,512	44,800
Average proceeds per tonne (copper)	K1,374	K1,554	K1,552
Total sales revenue	K496.8 million	K511.7 million	K977.1 million
Net loss	K104.2 million	K55.6 million	K173.6 million
Dividend per share	Nil	Nil	Nil

Head office:
Belvedere Building,
Pitts Bay Road,
Pembroke,
(P.O. Box 650, Hamilton 5)
Bermuda.

March 9, 1983.

Breville Europe earnings halved

By Our Financial Staff

PRE-TAX PROFITS of Breville Europe, domestic appliance manufacturer which came to the Unlisted Securities Market last September, were halved from £3.07m to £1.5m for the six months ended December 31, 1982 and were considerably lower than budgeted.

The company's business has always been heavily dependent on the pattern of consumer spending at Christmas and the directors explain that expenditure on small electrical appliances during the 1982 season was appreciably lower than the previous year.

The interim dividend is 1.75p net per 10p and directors intend, as forecast, to recommend a final of 3.15p.

Sales in the period to the end of November were in line with expectations, although consumer purchases were lower than expected in November and December. As a result of the build up of stocks in the retail outlets, purchases from Breville were "dramatically cut back in December", directors state.

Group turnover for the six months amounted to £10.12m, compared with £13.04m, and profits were subject to tax of £748,000 (£1.4m).

The shortfall in turnover was broadly spread across the product range, with the exception of the six-cup machine, introduced in January 1982.

Sales have continued to be poor in the first two months of the second half. Directors say it is impossible to predict the outcome for the remainder of the year, but trading is expected to remain difficult, while the adverse movement in the sterling exchange rate cannot be ignored.

Breville continues to maintain strong marketing support for its existing products and has also advanced its plans to introduce new products during 1983 and 1984.

BREVILLE EUROPE

Domestic appliance manufacturer

	Half-year ended Dec 31 1982	Half-year ended Dec 31 1981
Sales	10.12m	13.04m
Pre-tax profit	1.5m	3.07m
Tax	748,000	1.4m
Attributable profit	799,000	1.4m
Earnings per share	4.5p	8.9p
Dividend	1.75p	—
Loss	—	—

UK COMPANY NEWS

ELECTRONICS GROUP SEEKS TO REDUCE DEBT IN UK

BSR plans £20m rights issue

By CHARLES BATCHELOR

BSR, the revamped electronics, audio and kitchenware group, yesterday announced plans for £20m one-for-three rights issue coupled with near a £4m subscription issue of new shares.

The company, formerly the dominant force in the world market for record-changers, is to change its name to BSR International and transfer its residence, for tax purposes, from the UK to Hong Kong.

A major restructuring of BSR has been under way since Mr William Wyllie, one of the co-founders of its most profitable subsidiary, Astec International, became chairman last October.

In the past 20 weeks we have covered a tremendous amount of ground," Mr Wyllie said yesterday. "We have identified the company's assets and its problems and what we need to do to turn the group around."

Announcing its 1982 result yesterday BSR revealed a £17.3m pre-

tax loss against a £4.4m profit in 1981 rising to a loss of £31.6m (£900,000 profit) after tax, extraordinary items and minority interests. No dividend will be paid.

Turnover rose from £204.6m to £232.1m, but after adjusting for the inclusion of a full year's contribution from Capetronic, its Taiwan-based subsidiary, sales actually fell by £18.7m.

BSR is to ask its shareholders at an extraordinary general meeting on April 5 to approve the issue of 38,383,438 new shares by way of rights at a price of 55p.

The shares rose 18p yesterday to 88p, putting a market valuation of £101m on the company.

The company also plans to invite Finance for Industry, the merchant bank owned by the clearing banks, and Asia Securities, a company wholly-owned by Mr Wyllie, to take up 3,638,383 new shares each at the rights issue price.

The issue has been underwritten

by merchant bankers Morgan Grenfell, Brokers to the issue are de Zoete & Bevan and Smith Keen Cutler.

The whole of the proceeds will go to reducing debt in the UK. Borrowings at balance sheet date were £93.1m, only £3.8m higher than a year before, but this comprised almost solely short-term debt.

BSR has agreed new banking arrangements in the UK, including an £8m medium term facility equally from Lloyds and Barclays as well as overdraft facilities of £5m. Finance for Industry will also make a long-term loan of £5m available repayable over 1989-1996.

Outside the UK Hongkong and Shanghai Bank will provide a US\$30m term facility to Capetronic (BSR) repayable over 40 months from January 1983 and Bank of America will provide a \$6.5m facility repayable over 42 months from January 1983.

Seventy-five directors and key executives will be offered options to

subscribe up to 20m shares at a premium over the issue price. Mr Wyllie may take up to 10m shares, while Mr Neil Stewart, deputy chairman, and Mr Brian Christopher, chief executive, may each take up to 5m shares.

These three directors will hold 6.7 per cent of the BSR equity after the rights issue and placement, but directors' holdings would rise to 18-20 per cent if all options were exercised.

The transfer of BSR's tax residence to Hong Kong, where the rate of corporation tax is 18.5 per cent against 32 per cent in the UK, is being made to remedy the group's present unfavourable tax position, according to the company.

The reorganisation which is going on is expected to lead to a significant improvement in the group trading result in the second half of 1983. The 1982 trading loss was £4.1m.

See Page 20

Setback for Comben Group

By Our Financial Staff

TAXABLE profits of estate developer and house builder Comben Group fell from £1.1m to £1.1m for 1982 reflecting a slight reduction in UK margins and a lower contribution from the overseas operations.

The dividend is maintained, however, at 2.55p net per 10p share with an identical final payment of 1.35p. Earnings per share are shown as 4.9p, compared with 7.1p.

After six months, with pre-tax profits behind at £1.54m, against £2.1m, the directors said that reductions in mortgage rates should help buyers' confidence, but they did not expect a significant improvement from this to come through in the second half.

Turnover for the 12 months advanced from £56.14m to £59.37m as a result of the larger number of second-hand properties sold under the company's Clearway part-exchange scheme.

The pre-tax figure after interest charges at £2.08m (£2.92m). Tax charge took £768,000 (£958,000) and after an extraordinary debit of £85,000 (£38,000 credit) and exchange losses, £179,000 (£47,000 gains) the attributable balance came out down from £3.23m to £2.08m.

Data communications sector improves profits at Phicom

By Our Financial Staff

SUBSTANTIALLY higher profits from scientific instruments and data communications at Phicom helped bring about a significant improvement in pre-tax results for 1982. There was a surplus of £14,000 against a previous deficit of £1.53m.

The final net dividend has been lifted from 0.15p to 0.25p which increases the total from 0.3p to 0.5p. Earnings per 10p share were given as 1.5p against losses last time of 4.3p. The ultimate holding company is Magnum Corporation (Malaysia).

Order intake, which started strongly at the beginning of the year, say the directors, fell away during the summer months but picked up again during the autumn, and they say the momentum has been maintained during the first two months of 1983.

At the halfway stage pre-tax profit

PHICOM

Light engineers data communications

	1982	1981
Year to Dec 31		
Sales	31.78m	28.52m
Pre-tax profit	914,000	1,53m
Tax	82,000	148,000
Attributable profit	615,000	2,57m
Earnings per share	1.5p	4.3p
Dividend	0.25p	0.3p

its amounted to £521,000 (losses £16,000), and the directors said that trading conditions were not easy and further recovery was unlikely to be rapid.

Interest charges increased during the second half, say the directors, to finance the higher level of working capital necessary to support rising

sales, which ended the year ahead from £28.52m to £31.78m. The profit of £485,000 on sales of £3.88m (£3.88m), was more than double the £194,000 figure for 1981.

Data communications had an exceptionally good year, with profits at a record £2.6m (£1.4m) on sales of £12.19m (£7.29m).

The directors say the PUMA laser machine produced by British Telecom contributed substantially to profits. UK government approval has recently been granted for a defence telecommunications printer which has "considerable" potential.

The associate Rank Phicom Video Group managed to reduce its trading losses from £255,000 to £26,000 with a small trading profit in the second half. Sales rose to £14.8m.

Paint producer ahead for year

By Our Financial Staff

TAXABLE PROFITS of Johnstone's Paints for the year ended November 27, 1982 moved ahead 14.2 per cent to £1.85m, compared with £1.62m, and Mr James Johnstone, chairman, said that all indications point to a prosperous 1983.

At midway, with the surplus up

from £587,000 to £706,000, the directors said that prospects for the second half appeared bright and they looked forward to another satisfactory year's profit.

Turnover for the 12 months rose 14.7 per cent to £9.31m, against £8.12m for the paint manufacturer,

which trades on the Unlisted Securities Market, and the dividend has been boosted to 3.765p with a final of 2p.

Earnings per 10p share are shown as 13.3p (8.53p) and after dividends of £205,000 (£108,000) the retained profit was £1.2m (£712,000).

This advertisement complies with the requirements of the Council of The Stock Exchange in London



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JOBS COLUMN

Ask a partial question . . . • Two posts • Swap

BY MICHAEL DIXON

WHAT PROPORTION of people aged 16 and over in Britain would you say thinks the Government spends too little on education? The answer according to a new report from the respected opinion-research company, Social Surveys (Gallup Poll), is 72 per cent.

That finding no doubt morally strengthened the lecturers, students, educational support staff and so on who demonstrated throughout the country yesterday demanding a bigger share of taxpayers' money. The protests were organised by various unions representing educational interests, including the Association of University Teachers which commissioned the survey report.

But there is something about the survey exercise that clashes with this column's belief—which I suspect is shared by many others—that one of the essential things we pay university teachers to do for us is to be impartial and rigorous in seeking out and promulgating the truth.

My complaint is that the survey's questions to a representative sample of 906 citizens over compulsory school age, did nothing to remind them explicitly that money can't be produced simply by wishing for it. Where questions on practical affairs are concerned, that deficiency is vitiating. There is no sense in asking whether people think the Government

should provide more of something, unless they are also required to state what else they'd be prepared to see less of, such as money left after payment of taxes, so as to finance the extra something they'd like.

Since that condition was left out of account when the 906 citizens were questioned, the fact that 72 per cent thought too little was being spent on education justifies no stronger conclusion than that a substantial majority of people wish there was more money around.

The same failure to require those questioned to say in what ways they'd be ready to have spending power reduced, instead, also cuts the ground from under the most specific finding. It was that 69 per cent opposed the "particular cut" which the questionnaire said has done away with more than 60,000 places for students.

When I telephoned Gallup about the deficiency I was told that although the survey had not pointed out explicitly that spending power is finite, it sought to suggest as much in a more subtle way. This was by asking whether too much, too little, or about enough was being spent not only on education but on four other public services as well.

It turned out that the Government was also thought to be underfunding on the National Health Service by 71 per cent,

on old-age pensions by 64 and on the roads by 61.

The only public service identified by the poll as a possibly acceptable candidate for economies was "armaments and defence." There 49 per cent thought too much was spent, 30 about enough, 13 too little, and the other 8 per cent didn't know.

Moreover, Gallup said, much the same pattern of response had been elicited every time the same questions about the same public services had been asked. The only appreciable variation was that the ending of the Falklands conflict had been followed by a drop from the previous level—since restored—in the proportion thinking too much is spent on armaments and defence.

How long has Gallup been regularly asking the questions? "For at least a decade."

So most people also thought too little was being spent on education, the Health Service, pensions and roads even when expenditure on them was still increasing? "Yes," Gallup said. "Didn't that suggest the subtle approach was failing to get across to those questioned that they are being asked to state what they'd like, not ideally, but in real conditions where spending power is finite?" Gallup seemed to agree there, too.

So why not stop being subtle and point out bluntly that increases in taxpayers' spending on anything can be achieved

only by decreasing their power to spend on something else?

The reply was that Gallup is a commercial operation and so, at the end of the day, the questions it can afford to ask are limited to the questions which the organisations sponsoring its surveys are prepared to pay for. "And all pressure groups commissioning surveys go for the questions that are going to suit their own case best."

Gallup was therefore candid about its position which, of course, is entirely justifiable. But the same cannot be said of members of the Association of University Teachers who condone even tacitly its use of the opinion poll on their behalf.

It is one thing to accept money in return for, among other duties, being impartial and scrupulous in pursuing and disseminating the truth. But it is quite the opposite to allow one's self-interest to be furthered by the gathering and citing of spurious evidence.

Academics willing to sit back and so possibly benefit in both ways are ultimately only worsening the damage already done to the universities' credibility.

What's more, British educators in general should be ashamed to have turned out a representative sample so prone to pressure group exploitation, by being willing to answer such questions without first demand-

ing to know whether they were being asked what they'd like ideally or what they think would be most acceptable in practice.

Colt DP

JANET BITMEAD, company secretary of the Gloucestershire-based Colt Car subsidiary of the Japanese group, wants to hear from established or aspiring data processing managers with experience with large mini and small mainframe computers and success in installing and controlling effective systems.

Salary around £15,000, perks include car (guess what make).

Inquiries to Mrs Bitmead at Spitalgate Lane, Cirencester, GLT 2DE; tel 0285 61441, telex 43527 Colt CC.

Furnishing

ENTRIES are to close soon for a director-and-general-manager's job being offered by Brian Standing on behalf of a £2m-sales, privately owned contract furnishing company in the northern Home Counties. Since he may not name his client he'll abide by any applicant's wish not to be identified to the employer.

The recruit will be responsible to the managing director for all financial matters, distribution, purchasing, legal and secretarial work, personnel and

other administration. A big contribution on the marketing side is expected too.

Candidates should have experience in general and financial management and in marketing as well as an accountancy or other not irrelevant qualification.

Salary indicator £20,000 upwards, plus bonus. Inquiries to Mr Standing at Anthony Neville International, 14 Highwoods Close, Marlow, Bucks SL7 3PG; tel. 062 84 5581, telex 847159 Marlow G.

Help!

LASTLY, can any reader help Gunter König of the West German equivalent of the Manpower Services Commission to pioneer an EEC scheme to give young German and British skilled workers a year's experience of using their skills in the other's country?

The year's job-swap will follow two months of EEC-funded language-learning provided by Language Studies whose chief John Bailey hopes to hear from at least 10 British organisations, preferably smallish, interested in taking part. He can be contacted at 19 Lyndhurst Terrace, London, NW3; tel. 01-435 8552.

"It's a fine opportunity not only for the young people but for their employers to strengthen overseas contacts," Herr König says.

Trader-Crude Oil

The UK sector of the North Sea yields over 2.2 million barrels of crude oil per day, over half of which is handled by The British National Oil Corporation. This volume includes oil from participation agreements, purchases from third parties and other arrangements with producers. The Oil Trading Department within the Corporation is responsible for the trading of crude oil and products. Sales to UK refiners amount to 50% of total sales, whilst the remainder is sold to customers in Europe and North America.

The Corporation wishes to appoint an additional Crude Oil Trader who will play a leading role in developing commercial opportunities and meeting specific corporate objectives. The responsibilities of the job will include negotiation with companies to achieve agreement on prices; monitoring and controlling the performance of each sales and purchase contract; negotiation and drafting of the contractual terms under which crude oil is acquired, sold and exchanged; appraising new sources of oil supply and potential outlets, and contributing to the preparation of forecasts for use by the Corporation.

Candidates should preferably be educated to degree level but must have a number of years experience in the supply or marketing function of an oil company. Specific oil trading experience is particularly desirable, but candidates with a thorough grounding in one or more of the following aspects will be considered; supply planning, operations and/or shipping; project evaluation and development; contract administration. In addition applicants should have well developed negotiating skills, commercial flair and the ability to act on their own initiative. The salary will reflect the importance of this position. A wide range of benefits is also provided.

If you are interested in this challenging post, please write with full career details, or alternatively, telephone for an application form to: The Personnel Manager, The British National Oil Corporation, 29 Bolton Street, London W1 8BN. Tel: 01-408 1840 ext. 3227. Completed applications quoting reference number (T/EAF) should be received by Friday 8th April 1983.



The British National Oil Corporation

Financial Director

Broad Management Involvement c. £37,500

With the departure of the present incumbent to become Chief Executive of a major Public Company, Dixons now seek a new Director of Finance and Administration to be based at our Edgware head office and directly responsible for 150 people.

As Dixons Limited is currently enjoying unprecedented expansion—with nearly 270 branches nationwide and turnover well in excess of £200M—you will take the lead in signposting and exploiting further growth potential.

Your primary task will be to implement and monitor innovative management/financial systems and control relevant aspects of a diverse retailing organisation. You will also be expected to take an active and incisive interest in the operations as well as displaying considerable technical expertise in the systems area—you will be taking a broad overview of DP development using the latest ICL

systems, including Point-of-Sale data capture.

Operating in an entrepreneurial marketplace, our management style is forceful and aggressive. So you should combine a shrewd and logical grasp of strategy with a strong personality.

Apart from a proven record of achievement in a similar role—probably with a retailer or service operation—you should be able to offer a high level of academic qualification and professional recognition, for instance MBA, FCMA or FCA.

To meet our need for broadly-based experience coupled with personal dynamism you're unlikely to be younger than 35 or older than 40. To accurately reflect the status you will be assuming, we offer a comprehensive package of benefits.

Interested men and women should send brief but pertinent details marked for the personal attention of

Mark Souhami, Managing Director, Dixons Limited, Prinz House, 54-58 High Street, Edgware, Middlesex HA8 7EG.

Dixons

Challenging New Development Project-London

Manager Bond Trading

Bank of Montreal is active in the principal foreign exchange and money markets, providing diversified financing, including trade and project finance, on a direct or syndicated basis.

Activity in the Bond Trading area is developing rapidly, so that we are now in urgent need of a highly experienced Senior Bond Trader.

The successful candidate will have a proven track record, and be capable of undertaking the task of establishing, expanding and managing a fully integrated bond trading department.

Apply to: Alan G. Lodge, Vice-President, Treasury, Bank of Montreal, 9 Queen Victoria Street, London, EC4N 3XX.



BANK OF MONTREAL

Japanese Equity Research

One of the largest firms of London stockbrokers is expanding its team in London and Tokyo with the following two posts:—

An experienced analyst, based in Tokyo. We require a person who has a good command of English and Japanese (written and spoken), plus experience of analysing Japanese companies, although we would be happy to consider applicants with accountancy/industrial experience that will enable them to learn analytical techniques rapidly.

Initial salary will include a substantial contribution towards accommodation costs in Tokyo and participation in the firm's profit-sharing scheme should be achieved after the first year. A trainee analyst, based in London. A key requirement for this post is some ability in written Japanese and numeracy is also important. The person must have the ability to develop analytical skills and when fully trained may have the opportunity to work in Tokyo.

Write Box A8147, Financial Times 10 Cannon Street, London EC4P 4BY

DAIWA SECURITIES

INTERNATIONAL FINANCE

We are looking for a French-speaking Banker with some experience in Corporate Finance/New Issues. The successful applicant is likely to be under 30 years of age and willing to take on a great deal of responsibility at an early stage. The opportunities and remuneration should suit the most ambitious of candidates.

EQUITY SALES

We are looking for any recent graduate (with or without experience) to work in our equity sales department. The training will be mainly on the job but will include a period in Japan. The successful candidate is likely to have a keen interest in equity. This will be the first such opportunity in Daiwa and will therefore be a unique challenge.

Please contact:

DAIWA EUROPE LIMITED
14 St. Paul's Churchyard
London EC4M 8BD

100% World-wide Travel Corporate Review and Analysis

Our client is one of the world's largest companies operating in every continent. The corporate review and operational audit teams carry out a wide range of investigations and management audits covering the manufacturing, marketing, distribution, administration, EDP and accounting functions. The positions involve 100% world-wide travel and individual assignments at any one location can last up to three months. The company offers a first-class remuneration package specifically tailored to these positions. A tax free salary and 100% living expenses are paid. Capital savings are estimated at £12,000 p.a. Second language ability is an advantage. Married applicants are not excluded as spouse may also travel.

Candidates, aged 24-27, should be qualified accountants with large company experience and express the desire to undertake the extensive travel while making a positive contribution in the group.

Interested applicants should contact Stephen Burke at 31 Southampton Row, London WC1B 5HY. Tel: 01-405 0442. Telex: 296091.



Michael Page International
International Recruitment Consultants
London New York
Birmingham Manchester Glasgow

Commercial Assistant

Salary £7,000 - £9,000

We are a Public Corporation providing a variety of commercial, financial and professional services to overseas governments and public authorities.

The duties of this post in our Commercial Department include the drafting and vetting of a wide range of export orientated contracts, advising on related commercial matters including ECGD insurance, and undertaking contract negotiations in the UK and possibly overseas. Our varied activities will provide a valuable opportunity to widen the successful applicant's experience.

Candidates, ideally in their mid to late 20s, should have some experience in the drafting of contracts for the supply of goods, services and/or construction and have an understanding of ECGD and related export procedures. The possession of a Law degree or similar relevant qualification would be an advantage. Commencing salary will be dependent upon qualifications and experience.

For further information and an application form contact Elaine Horne on 01-222 7730, extension 3427.

Crown Agents

The Crown Agents for Overseas Governments & Administrations, Personnel Division, 4 Millbank, London SW1P 3JD.

Can you sell Financial Products?

We have created a new investment vehicle for the individual, particularly the higher rate taxpayer, and we are now looking for someone to sell it.

If you have a proven track record of selling life assurance, unit trusts, personal investment management services, tax savings schemes, etc, and would welcome a new challenge, based in the West Midlands, please write with career details to:

Box A8144, Financial Times
10 Cannon Street, London EC4P 4BY

TRADITION (LONDON BROKERS) LIMITED

Due to further expansion in the Foreign Exchange Department, we are seeking senior and experienced Brokers in the Forward Lira Market.

Applications should be made either in writing to:

Mr. R. Selby
TRADITION (LONDON BROKERS) LIMITED
Staple Hall, Stone House Court
87/90 Houndsditch, EC3A 7AX

or by telephone:

01-283 7971/623 3010

GENERAL MANAGER / ADMINISTRATOR

This Company, a leader in the field of opera/ballet production, requires a General Manager/Administrator to lead a management team of financial, legal, technical, creative and sales professionals. This is a demanding and responsible position which may suit person with accountancy or merchant banking background, with some years in commerce. Excellent salary—negotiable. Written applications, in strict confidence, to: The Chief Executive, Reference GM, The National Video Corporation Ltd., 32 Eccleston Square, London SW1V 1PB.

Ambitious Economists

Management Consultancy

City based
to £20,000+ car

Consultancy offers opportunities you may never have considered before. The opportunity for instance, to develop and broaden your experience; to work in an intellectually stimulating environment which demands the highest standards; to give real help to clients in identifying and solving management problems. Here your skills will be stretched to the full, often in multi-disciplinary teams.

We are one of the leading firms of Management Consultants, operating internationally as well as throughout the UK. We need additional economists to undertake a variety of assignments including:

- business planning
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- market reviews
- development planning
- investment appraisals
- urban renewal studies

To persuade us you can cope with the challenge, you need outstanding personal qualities -

determination, tact, imagination and the ability to communicate fluently. You will be aged 27-34, with a good first degree in economics and a relevant second degree or accounting qualification. Your career must demonstrate a record of success and achievement, preferably including a period of line management experience in the private sector.

Starting salaries will be in a range up to £20,000 and benefits may include a car.

Please send in confidence your personal and career details to Geoffrey Thiel, quoting reference 1168/TT on both envelope and letter.

Deloitte Haskins + Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Corporate Development

Acquisitions and mergers

c.£17,000 + car

A major British industrial group, with extensive investments overseas as well as in the UK, has embarked upon a demanding diversification programme. Early successes have created the need for a senior executive to join the corporate development team. He or she will identify diversification opportunities, investigate, analyse and recommend companies suitable for investment, and assist with the implementation of approved projects. The strategic nature of the work ensures regular involvement with the group's top management.

Candidates, aged 25-35, should be numerate MBAs or professionally qualified. They should have two years' practical

experience of acquisition work preferably gained in a large public company or possibly within a merchant bank. Ideally, they will also have had a period in line management. Earnings are negotiable around £17,000 plus car. Based Central London with requirement to relocate in Berkshire in 1985.

Write for an application form or send brief CV to the address below, quoting ref. GM34/8173/FT on both letter and envelope, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

HONG KONG INVESTMENT COMPANY

Our London office requires an account supervisor to assume responsibility for our accounts, with direct reports to our U.K. Managing Director. The candidate must be a self-starter prepared to work in a small office with limited support staff. The ideal candidate should have the following qualifications:

- At least 5 years experience working for a financial institution, with at least one year in a senior position.
- Fluent in at least one of the three main languages.
- Familiarity with Hong Kong law will be very helpful.

Salary is negotiable but results oriented. Write with full CV, to: Box A.14145, Financial Times, 10, Cannon Street, London EC4A 3DF.

LOAN ADMINISTRATION CLERK

A London Merchant Bank requires Loan Administration Clerk to join expanding Loans Department. Applicants should be aged 25 to 35 with at least four years' experience of Loan Administration and knowledge of Balance Sheet appreciation. AIB preferred. Salary negotiable. Apply in writing with full CV to: Box A.14145, Financial Times, 10 Cannon Street, EC4A 3DF.

THE LEP INSURANCE GROUP

The Lep Insurance Group has over the past decade grown from an insignificant house broker of £70,000 brokerage to an international Lloyd's brokerage in excess of £1.75m with interests also in underwriting and agency underwriting.

Following 5 years of consolidation, the Group is entering its next phase of expansion and is committed to doubling its size by continued organic growth and acquisitions over the next few years.

To assist in this expansion we wish to appoint a London-based

MANAGING DIRECTOR U.K. OPERATIONS

controlling brokerage of some £600,000 through two subsidiaries, Lep-Cannon Limited — a network of 6 UK regional offices and Lep-Cannon Hadley Limited, a London-based Lloyd's broker.

Personal Profile

Age around 35/45 years. Well educated. Entrepreneurially production orientated background. Early training probably as UK Non-Marine Account Executive in major UK broking house. Technically innovative. Good administrator.

Remuneration Package

Salary to £25,000. Profit participation. Company car. Non-contributory pension scheme. Free medical aid scheme.

For Further Information

... about the Group (which is part of the Lep Group plc) and about the opportunities arising from the appointment either write with cv or telephone Mr John Lee of Robin Marlar & Associates Limited, who will conduct initial interviews. Telephone: 01-235 9614. Address: 14 Grosvenor Place, London SW1X 7HH.

Senior Fund Manager

London based

U.K. Equities

Although the Prudential is universally recognised as one of the major participants in the U.K. equity market, with an ordinary share portfolio valued at over £4,500m, we continue to look for further opportunities to grow. The ever increasing number of funds under our management has now led to the creation of a new senior position in our fund management team.

Applicants should be graduates with at least four years' experience of investment management, who will be able to show evidence of the successful performance of funds under their direct responsibility. Good communicative skills and the willingness to work as part of a team are essential.

The successful candidate will be responsible for the management and

performance of a number of equity funds. He/she will also be expected to present investment reports to our existing clients, as well as, on occasions, making investment presentations to potential new clients.

An attractive remuneration package is offered with a wide range of benefits including a non-contributory pension scheme and low-cost mortgage. Write in confidence giving full career details to: Nigel Holt, Personnel Executive, Prudential Assurance Co. Ltd., 142 Holborn Bars, London EC1N 2NH. Tel: 01-405 9222 ext. 2568.

Prudential

Head of Industrial Development

Lothian Regional Council
Edinburgh

c.£20,000

A successor is sought for the post of Head of Industrial Development for Lothian Regional Council. The person appointed will be required to advise the Council on policies to stimulate economic development in the Region, manage and develop links with other organisations concerned with developing and attracting investment in Scotland and maintain close working relationships with existing industry within the Lothian area. Candidates, male or female, and probably aged over 40, should have considerable experience at a senior management level, ideally involving personal responsibility for business development. Awareness of the wider community aspects of stimulating employment would be advantageous as would a good knowledge of industrial and commercial finance and the range of incentives available.

Since the post will involve acting as a spokesman for the Region, proven success in presenting commercial proposals to public bodies and companies of major standing is desirable. It is envisaged that the post could be filled on a fixed-term contract basis, although opportunities exist for a permanent position for younger candidates.

Write or telephone for an application form or send brief cv to: Adrian W. Savage at the address below, quoting ref: GM65/8183/FT on both letter and envelope and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Hobart House, 80 Hanover Street, Edinburgh EH2 1EH. Tel: 031-225 4481 Telex: 72556



A member of PA International

Astley & Pearce (Eurocurrency Deposits) Limited

80 CANNON STREET, LONDON EC4N 6LJ

EURO-DOLLAR BROKERS

We have vacancies for experienced Euro-dollar brokers, aged 25-35 years. Salary commensurate with experience, together with usual benefits.

Please apply in writing to Mr. S. J. Rees

Equity Sales OIL SECTOR

An excellent opportunity has arisen for two salesmen to join our London based institutional equity marketing team specialising in the oil sector.

The first position is a senior one resulting from an internal promotion. We are seeking an individual in his/her early 30's with substantial stockbroking experience and a detailed knowledge of the oil industry. He/she will be expected to assist development of our well established oil research.

For the second position we are looking for a mid-twenty year old with some institutional stockbroking or fund management experience. Drive, ability and ambition to succeed as a salesman are the most sought after qualities. A knowledge of oil stocks would be an advantage.

Remuneration packages to the successful applicants will be fully competitive. Applications with brief CV's should be sent to:

Peter Derby, Wood, Mackenzie & Co., 62/63 Threadneedle Street, London EC2R 8HP



Wood, Mackenzie & Co.
Members of The Stock Exchange

Director of administration

London, £20,000 neg



A dynamic independent oil company wishes to appoint a Director to take charge of administration.

Reporting to the Company President, you should have the following qualities:

- proven organisational skills
- finance and accounting experience
- the ability to perform within an entrepreneurial framework
- a high level of initiative
- a shipping or trading related background
- aged between 30 and 40.

Resumes, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to Stephen Blaney, Executive Selection Division, Ref. B107.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Feetway House, 25 Farringdon Street
London EC4A 4AQ.

HAWLEY GROUP PLC.

In order to keep the Group's and its subsidiaries (a number of which are quoted), expansion plans moving ahead, there is a requirement for two executives to join the small corporate team based at Farnham Common. Reporting directly to the Group Chairman, the assignments will be wide-ranging, including acquisition research, negotiation and subsequent implementation of financial controls and reporting procedures, internal investigations and reorganisations, preparation of circulars to shareholders (including all the necessary liaison with advisers), fund raising, etc.

The pace and requirements will be extremely demanding and, by normal criteria, unreasonable. The commitment required is total and the position will only suit those who are highly ambitious, prepared, if necessary, at a moment's notice to spend 24 hours a day, 7 days a week on projects anywhere in the UK or USA and who feel that they could command a salary of up to £45,000.

Only those replies running to no more than two pages, containing a concise curriculum vitae and reasons why I should meet them, will be considered. Replies from headhunters and agencies will not be acknowledged.

M. A. Ashcroft
Prospect House
The Broadway
Farnham Common
Slough
Berkshire SL2 3PQ

EUROBONDS

We are handling a number of assignments in the Eurobond area including:

BOND TRADER

A major bank seeks a talented trader with at least three years US and Canadian eurobond trading experience. Emphasis would be on primary markets covering straight, FRN's, FRCD's etc.

BOND DEALER

An expanding West End investment company seeks a young dealer to specialise in European institutions.

BOND SALES

A well known international securities company are expanding their team and are looking for bond salespeople at varying levels of seniority. We also have a trainee bondsales position suitable for a graduate with experience of the markets.

SENIOR PORTFOLIO MANAGER

Our client urgently requires an investment officer with experience in bonds who can confidently structure and manage their own portfolios, in addition to formulating overall investment policies. This is a senior position and would suit someone in their early 30's.

Please contact: Diana Wexler

PENSIONS MANAGER

A major bank has an immediate requirement for a Pensions Manager within its well structured Pensions and Remuneration department. The ideal candidate will be late 20's to early 30's, with approximately 5 years experience of pensions legislation, gained in a Pensions Consultancy, Insurance Company or a commercial organisation and be close to completing A.P.M.I. or F.C.I.I.

Immediate responsibilities include advising on all pension matters both in the U.K. and overseas, to act as Secretary to the Trustees and administer the main U.K. retirement scheme.

Please contact: Brenda Shepherd

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate London EC2M 4LX 01 623 1266

dealers

SPOT/FORWARDS, based New York. 3/4 years' experience. \$45,000 neg.

SENIOR FX, Bahrain. Good, solid trading experience with prime names. c. US\$70,000.

SPOTS, London. Good "youngster" looking for prime name. c. £13,000.

FORWARDS, London. 3/4 years on Eurocurrency. Knowledge of sterling advantageous. c. £20,000.

SPOT/FORWARDS. Various European locations. Prime name. Salary 2-2.5.

SPOT/FORWARDS, New York. Good arbitrage experience and must be fully conversant trading Scandinavia. US\$ neg.

Apply Dudley Edmunds

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LEE HOUSE, LONDON WALL, EC4A 3DF

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Major U.S. merchant bank extends first class career to a young accountant with some post-qualification experience of corporate finance in either banking or industry.

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Small but developing international bank offers immediate responsibility and a progressive career path to a young (late 20s) banker with strong credit skills.

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An opportunity for a graduate with c. 2 years' experience of Corporate Finance — and ideally, a European language — to develop rapidly with one of the prime names in the City.

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A rare chance for someone who has a good background in Eurobonds to undertake some exposure to the dealing function to become progressively more directly involved.

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01-623 3861

Accountancy Appointments

Platignum Finance Director Designate

CA, 32-38

c£22,500+car

Herts

Platignum plc seeks a Director Designate to join the board after a short introductory period. A recent recapitalisation and reorganisation, an important acquisition and the design of a new product range have laid the foundations for significant growth.

The appointee will be a graduate Chartered Accountant trained by a major firm, with subsequent experience incorporating special investigations and senior line responsibilities in manufacturing industry. A strong systems background and the ability to work with City institutions are essential. Only those of the highest calibre will be considered. Salary negotiable and relocation expenses as appropriate.

Please write in confidence, quoting reference 46851L and enclosing career details, to N.P. Halsey, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.



Peat, Marwick, Mitchell & Co.
Executive Selection Division

FINANCE DIRECTOR

Expanding public company requires really competent Finance Director for its substantial and highly successful food manufacturing subsidiary situated on the South coast.

The company manufactures a wide range of products and is highly regarded in the retail grocery trade. Turnover is around £17m and there are sophisticated data processing and reporting systems.

The successful candidate will be a qualified Chartered Accountant aged around 35 with several years experience in a similar position, preferably in the food manufacturing industry.

A good salary and other benefits associated with this important position will be paid as will relocation expenses.

Please send full curriculum vitae to:

C. A. Innes, F.C.A.,
Finance Director,
SALE TUNEY PLC,
26 Queen Anne's Gate, London SW1H 9AB.



Group Financial Director

International Trading £50,000+

Our client is a highly successful international group with a worldwide annual turnover of over £3 billion. Recent and envisaged continuing expansion has created the need for the appointment of a main Board Director, based in London.

The position requires an individual with extensive top management experience of international finance, taxation and strategic planning. Personal skills in working with a closely knit team in a swiftly changing commercial environment are essential.

Rewards commensurate with the importance of the role will be negotiated with appropriate fringe benefits.

The position is unlikely to be of interest to those currently earning less than £50,000 per annum.

Applications will be handled personally in the strictest confidence by David T. Young, the Managing Partner of the Company's advisers.

Please write to him with brief career details at



Spicer and Pegler Management Consultants,
56 St. Mary Axe, London EC3A 8BJ.

Finance Director

Rural South Midlands

c£18,000+ Car

Our client, part of a major U.K. consumer group, is a physical distribution company which is a leader in its field, T.O. c£25m. Due to promotion, a commercially orientated Finance Director is sought to join this expanding operation.

Candidates, aged 30-35, will be qualified accountants, preferably with a relevant degree, supported by broad commercial experience gained at a senior level. This challenging role is responsible for the total finance and accounting functions of the business. Moreover, the position carries considerable commercial and legal responsibility for insurance and leasing activities, pricing, drawing up and assisting in the negotiation of contracts. The job holder will also be expected to contribute substantially to the strategic planning of the company and take a full part in the operations of the board.

For an individual with an outgoing personality, sound management skills and business acumen there is potential for significant personal development.

A highly competitive salary package is offered, with relocation payment where appropriate. Long-term prospects are excellent both within the company and the group.

Candidates should write to Nigel Hopkins, F.C.A., enclosing a comprehensive curriculum vitae, quoting ref. 910 at 31 Southampton Row, London WC1B 5HY.



Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Glasgow

ACCOUNTANCY
APPOINTMENTSRate £21.50
per single column centimetre

Assistant Chief Accountant

North London

to £15,000+car

The company is world leader in its specialty sector of consumer marketing and retailing. Its high operating standards, professional management style and effective business practices coupled with a quality product have led to its current leading position. Growth rates are exceptional, meeting demanding targets.

The job is a new one. It involves leading and motivating a young team to provide responsive, financial information to management. It offers experience of people management, finance and accounting and systems development in a fast-moving environment. Prospects for career development are exceptional.

Candidates must be qualified with at least two years experience in a sophisticated, marketing-led environment. Personal qualities of determination, ambition and energy are demanded together with high professional standards. Please reply in confidence giving concise career and personal details and quoting Ref. ER555FT to I.D. Tomisson, Executive Selection.

Arthur Young McClelland Moores & Co.,
Management Consultants,
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 1NH.



Arthur Young McClelland Moores & Co.

A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

EUROPEAN INTERNAL AUDITOR

Here at Air Products, a world leader in industrial gases, auditing is rightly regarded as an important management tool. Now, due to internal promotion, a challenging opportunity exists for a capable, young mature man or woman at our Hesham headquarters in Surrey.

The person we're seeking will be a graduate, professionally qualified with 1-2 years' post-qualification auditing experience gained in a large company. If you fit the bill, your main responsibility will be to plan and carry out audits on a wide range of company activities including computerised management information systems, efficiency of operations and acquisition investigations, either working on your own initiative or as a team member.

As some 30% of your time will be spent visiting our sites throughout the UK and in Europe, mobility and the ability to communicate in French or German are essential. You must also be able to communicate effectively at all levels.

You'll find that the prospects match the generous salary and benefits package offered. To find out more, please contact:
Linda Allen, Personnel Department, Air Products Limited,
Hesham Place, Molesey Road, Walton-on-Thames, Surrey.
Telephone Walton-on-Thames 49477.

 Air Products

Senior Auditors

Starting Salary c £11,000

Two recently qualified accountants (ACCA, ACMA, CA or CIPFA) are required. Each will head a small audit team. Previous local authority experience is not essential as many of the audits will be similar to those undertaken in the private sector.

The Council's internal audit division has an establishment of 24 divided into five teams. One vacancy is for a team leader responsible for the audit of the education services the other vacancy is for a team leader responsible for the audit of a number of services including building and highways maintenance, transport, stores and leisure facilities.

The postholders will be encouraged to exercise initiative, to motivate their staff and to pay a full part in the professional management of the audit division. The work is challenging and interesting, with the emphasis on systems audits, efficiency audits and the development of computer audit techniques.

For further information on these appointments please telephone Andrew Henderson or David South on 01-903 1400 extn 8226 or 8221.

BRENT IS AN EQUAL OPPORTUNITY EMPLOYER. APPLICATIONS ARE WELCOME FROM CANDIDATES REGARDLESS OF RACE, NATIONALITY, ETHNIC OR NATIONAL ORIGINS, AGE, MARITAL STATUS, SEX, SEXUAL ORIENTATION AND FROM REGISTERED DISABLED PERSONS.

Application forms and job descriptions from the Personnel Division, Room 788, Brent House, High Road, Wembley, Middlesex returnable 30th March 1983. Telephone 01-903 0371 (24-hour Ansafone service). Reference number FJ195 must be quoted.

London Borough of
BRENT

FINANCIAL DIRECTOR

Financial Service Company
to £16,000 + car

Our client is a progressive and expanding leasing company and part of a 'Fortune 500' transnational corporation.

The role is broad ranging and includes general financial management with some involvement in financial negotiations related to the company's basic activity.

Candidates should be Chartered Accountants with a degree and at least two years' experience in commerce or industry. Ideal age 28-32.

Salary is negotiable with an attractive benefits package which includes a company car. Location is Central London.

Send a resumé, or ring for an application form, to Stewart Adamson FCA or Alan Brown, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Telephone 0462 55303 (24 hour answering).



**GROSVENOR
STEWART**

INTERNATIONAL FINANCIAL
RECRUITMENT London Brussels Hitchin

Qualified ACMA/ACA

Age 25-28

To £15,000

Berkshire

A manufacturing operation within a division of one of the world's leading consumer products groups, our rapidly expanding client has a current turnover in excess of £20 million.

Joining in a position providing line management experience and exposure to senior executives, the Accountant will be a key member of the local management team. With an emphasis on R and D project control and business planning, he or she will manage the accounting function, maintain and improve computer based systems and be involved in all commercial aspects of the division.

Applicants, aged 25-28, should be graduate qualified accountants from industry or the profession. Please write, enclosing a career history and day time telephone number, to David Hogg FCA, quoting reference 1/2165.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

FINANCIAL CONTROLLER COMMODITY TRADING

We are International Commodity Merchants and Shippers, mainly of edible oils, buying physical goods from the USA and Far East and selling in the international markets. We have offices in London and Singapore.

We are looking for a qualified accountant to be based in London (although short trips may be required to the Far East) to act as Financial Controller of the Group.

Applicants should have experience in international commodity trading and shipping and be able to mix day-to-day keeping of books, producing monthly management accounts and dealing with trade finance departments of international banks. An ability to work independently and with the confidence to operate with a small group of highly-motivated individuals is essential.

Written applications containing career details should be forwarded to:

Box A.8149, Financial Times
10 Cannon Street, London EC4P 4BY

Corporate Internal Auditor

Slough-based; UK & European travel
c. £12,500

Johnson & Johnson is a leading international health care company with an impressive growth record and world-wide manufacturing and marketing operations generating a turnover in excess of £5 billion dollars.

A Corporate Internal Audit office, reporting to the Director of Audit in the USA, has recently been established in Slough to assume responsibility for the financial and operational audits of the UK and European subsidiaries. In this key role, which will involve substantial travel within the UK and Europe, exposure to senior international management will be assured, and prospects of a move into line management within 3-5 years are excellent.

A Chartered Accountant aged 25-30 and

probably with at least 1-2 years' post-qualification experience in one of the major professional firms, your background should include US multinationals. While European experience and a working knowledge of another European language, particularly German or French, would be ideal, greater importance will be placed upon your ability to communicate with international management at all levels.

The attractive salary is supported by an impressive range of large-company benefits including BUPA and assistance with relocation, if appropriate.

To apply, please write enclosing full cv to:
The Manpower Resourcing Manager,
Johnson & Johnson Limited,
Brunel Way, Slough, Berks SL1 1XR.

Johnson & Johnson

Accountancy Appointments

STOCKBROKERS

Small company seeks Assistant with some experience in accountancy and/or City background. Age immaterial. Essential qualifications, integrity, reliability. Excellent prospects. Successful applicant will eventually participate in all aspects of the business.

Salary according to age and experience.

Write Box A8146
Financial Times
10 Cannon Street
EC4P 4BY

Group Financial Controller

Engineering

£20,000

A well-known engineering company specialising in plant and equipment used in energy conservation/utilisation and in environmental control—air, water, waste disposal—requires a Financial Controller for its European headquarters. He or she will be responsible to the Chief Executive for ensuring that accurate and timely information is supplied, according to corporate standards, by all operating units. He or she will guide and support local Controllers, ensuring, for example, that their systems and procedures are regularly up-dated. Candidates should be chartered accountants who have had several years' experience in the engineering industry. They should be familiar with both project and standard costing.

Above all they must be able to motivate, encourage and integrate with a substantial management team. Salary is negotiable up to about £20,000; benefits include car and BUPA. Location North-west Kent, with a requirement for extensive travel.

Write for an application form or send brief CV to the address below, quoting ref. A4348174/FT on both letter and envelope, and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Hyde Park House, 61a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

Group Financial Director

General Management Prospects

London

up to £30,000

A substantial public company seeks a financial director to replace the present incumbent who retires in the Autumn. The company, in a consumer related service industry, has a turnover exceeding £50 million with a good profit record.

Applicants should be chartered accountants, preferably aged between 35 and 50, with all-round experience of the financial director's role. This will have been gained in a smaller company at board level or near board level in a larger organisation. Experience of acquisition work and in relationships with the City would be a particular advantage.

A good salary commensurate with experience is offered, together with excellent pension, car and other benefits.

Please write in confidence, quoting reference 4461/L and enclosing career details, to N. P. Halsey, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.



Peat, Marwick, Mitchell & Co.
Executive Selection Division

Financial Controller

Board Potential

Estates Development

Oxford
to £25,000 plus car

This successful private group has established a high reputation as house builders and estate developers in the Home Counties. Current turnover is £10 million.

With its land bank of prime development sites and sound financial backing, the company is confident of its ability to take full advantage of the emerging growth in the housing market.

However, tight financial management will be critical and they therefore wish to recruit a top calibre Financial Controller. Working closely with the Chairman, you will be responsible for all accounting, treasury, taxation and company secretarial matters.

Candidates should be Qualified Accountants, aged around 35, with several years' commercial experience involving computer based systems. Some experience of property development, funding and DLT would be an advantage.

There is an attractive remuneration package, including car and relocation assistance, and an early Board appointment is envisaged.

Please send concise personal, career and salary details, quoting ref. P2003 to: W. S. Gilliland, Executive Selection Division.

Thomson Baker Associates Ltd, Fairfax House, Fulwood Place, London WC1V 6DW.

Reed Executive

The Country's most successful Recruitment Service

Financial Director

to £17,000 + Car

Suffolk

This new appointment is with a long established £9m turnover manufacturer and importer of varied raw materials for the food and pharmaceutical industries — a market leader of international repute — who has achieved significant growth in recent years. In addition to making a considerable commercial contribution to executive team decision making, you will introduce developments — including computerisation of the accounts function and stock records, the provision of management information systems, efficient cash management and more effective costing — to provide a firm base for continued growth. Aged probably 35-40 and qualified, your career must demonstrate very relevant experience. This appointment will initially be of Director designate status.

Telephone: 01-247 9431 (24 hour service) quoting Ref: 0478/FT. Reed Executive Selection Limited, 122 Whitechapel High Street, London E1 7PT.

This vacancy is open to both male and female candidates
London Birmingham Manchester Leeds

Overseas Accountant

S.E. London

c. £13,000 + benefits

Our client is a progressive marketing orientated UK public group with a turnover of around £100 million. An excellent expansion record by acquisition and internal growth has necessitated appointing an overseas accountant.

Candidates, aged 24-27, will be qualified accountants and a European language would be an advantage. Duties involve implementing systems at several locations, thus some European travel will be necessary.

Personal qualities and skills of paramount importance include:

- * Excellent communicative ability — a vital factor as the role encompasses liaison with European management and control of a small team.
- * Innovative ideas and acute commercial awareness — important attributes within this competitive operation.
- * Enthusiasm and ambition — essential for the company's development.

A competitive remuneration package is offered together with excellent promotion prospects for an individual of the right calibre.

Candidates should write to Tony Martin, quoting ref. TM 101 at 31, Southampton Row, London, WC1B 5HY or telephone 01-242 0965.



Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Glasgow

Project Accountant

N.W. London c.£11,000

Our client is a subsidiary of a successful U.S. High Technology Group.

A qualified accountant is now required to assist and report to the Finance Manager. You will be involved in the extension of parent company reporting requirements, the business plan, and systems development.

A recently qualified ACA, in your mid 20's, you should be able to demonstrate success in your career to date, and be looking for a challenging role to act as a spring-board to a career in industry. You should also have a practical approach to problem solving in a business context.

Prospects for development are excellent in this expanding organisation. Please telephone or write to Rebecca Goddard quoting reference: RG6881.



Lloyd Chapman
Associates

123, New Bond Street, London W1Y 0HR 01-499 7761

COST CONTROLLER

High technology engineering

Manchester

c£13,500

Our client is an autonomous international company within a major UK group. It manufactures high precision engineering products and provides related services for numerous large and prestigious customers throughout the world.

The business operates in an increasingly competitive environment and the role of the cost controller is to develop and refine costing procedures at the three UK manufacturing locations and, through regular manufacturing accounting and factory performance reviews, to improve the quality of management information.

The group has a policy of encouraging internal progression and offers the potential of a challenging long term career.

Applicants must be qualified Cost and Management accountants with at least five years' experience in manufacturing industry. Particular skills are needed in developing new systems and in securing acceptance of new procedures at all levels, from factory to board level.

Please address brief personal and career details to Douglas G Mizon (Ref. FT173/M) at:



Ernst & Whinney Management Consultants
Becket House, 1 Lambeth Palace Road, London, SE1 7EU.

Finance and Administration Director c.£20,000

GLEB has been established to implement an economic and industrial strategy aimed at creating long term jobs for London. Its work involves:

- active financial and economic intervention to create wider employment in the growth sectors of London
- promotion of new forms of ownership and work organisation and including co-operatives and municipal enterprises
- channeling London's technology resources to new and existing enterprises
- developing packages of support for new projects, including business advice, finance and technology

The Director of this Division will be accountable to the Chief Executive and will be expected to play an important part in the activities of GLEB as a member of the management committee. Specific responsibilities will include the treasury and management reporting functions and development and control of advanced data processing systems. Participation in the development of relations with other financial institutions and in particular, Pension Funds will be an important aspect.

The successful candidate will be a broadly experienced qualified accountant with a successful track record as the head of a finance function.

Please send a full curriculum vitae to Alan McGarvey, Chief Executive, Greater London Enterprise Board, 63-67 Newington Causeway, London SE1 6SD.

GLEB is an equal opportunities employer

Greater London Enterprise Board

UNIT TRUST ADMINISTRATION & FINANCE MANAGER

Abbey Unit Trust Managers is part of a major insurance group, with the Unit Trust operation being developed as a separate entity.

The position is a key appointment, the main purpose of which is to co-ordinate and develop the company administrative and financial functions including investment administration, some of which are currently performed externally.

Day to day activity includes the provision of a dealing service, financial management and control, external liaison on statutory and legal matters, product development and contributing positively towards future strategies.

Applications are invited from qualified Accountants who have previous experience in the Unit Trust industry and a good all-round knowledge of investment.

The salary and benefits package will be fully competitive for the right individual.

Please apply with full C.V. to:

Felicity Conter

ABBEY UNIT TRUST MANAGERS

13 St. Paul's Churchyard, London EC4P 4DX

COMPANY ACCOUNTANT

An expanding group of small companies based in Surrey/Middlesex area requires an energetic, qualified accountant. For suitable candidate, this position could lead to financial directorship.

Apply:

R. Bloye, 24 Neville Avenue, New Malden, Surrey
Tel: 01-949 0081

GLC

Working for London

Value for money for London - the challenge for Auditors

Larger than that of many nation states, the budget for Greater London is one of the largest of any local authority in the country. In areas as diverse, and as financially complex, as recreation and the arts, education and a range of major engineering projects, the work of ensuring the cost effective deployment and use of GLC/LEA resources presents auditors with the opportunities to gain experience of internal and management assignments of the widest possible variety.

Group Auditors

£11,880-£13,353

Primarily concerned with controlling and leading protective and systems audits and special investigations, Group Auditors are responsible both for their personal workload and that of a small team of audit staff, as well as the maintenance of the highest technical and professional standards.

As a Group Auditor you would identify areas for audit activity and plan, organise, manage and monitor assignments. This will involve the preparation of audit briefs and reports, close liaison with auditee departments and with management to discuss findings and recommendations.

A recognised accountancy or other relevant qualification is desirable and applicants should be able to demonstrate a sound grasp of audit aims and methods. As

awareness of the financial and management processes of a large public body would also prove invaluable, while tact, drive and the ability to motivate others and communicate effectively with people at all levels are essential.

The salary will be within the range indicated, inclusive of London Weighting.

We welcome applications from disabled people and all sections of the community, irrespective of an individual's sex, ethnic origin, colour or sexual orientation.

For further details and an application form, which must be returned by 31st March 1983, write to Pam Cobden, FN/GIA, Room 296, Greater London Council, The County Hall, London SE1 7PB, or telephone her on 01-633 3035.

The GLC is an equal opportunities employer

Investment Manager Fixed Interest Securities

London

to £23,000

Our client is a leading British insurance broker with world wide interests.

An Investment Manager is required to structure and manage Eurobond, US Bond and Gilts portfolios. A thorough understanding of these markets, and the ability to interpret economic information in order to formulate investment policy, is essential.

The successful candidate will probably be 26-36, and hold an economics or similar degree. Salary is negotiable up to £23,000, plus a bonus, and a car is provided.

Please send your c.v. to Julian Brooke in complete confidence, quoting reference 1388.

Odgers

MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St,
London W1X 3TD 01-499 8811

International Appointments

FINANCIAL ADVISER

National Cereals and
Sugar Finance Corporation (NCSFC)

MINISTRY OF FINANCE, KENYA

Required to act as a Financial Adviser to the Corporation reporting through the Chief Executive on professional matters; to seek and work within the guidelines agreed with the Treasury; to prepare annual cash budgets on a continuous basis; to analyse Financial Reports submitted by client organisations on a monthly basis and advise the Chief Executive on funds, requirements and collections; to collect national statistics relevant to NCSFC operations and interpretations of the same; to monitor collections of client organisations from the ultimate borrowers and remittances to NCSFC; to review costs on all commodity aid schemes; to monitor all Multilateral Loans channelled through NCSFC to ensure all donor conditions are strictly met.

Applicants should be citizens of the United Kingdom, who have a degree in economics or commerce plus a professional qualification in accounting, with at least 10 years' experience in a financial institution, of which 5 years must be at Senior Financial Analyst or Senior Project

Officer level in agricultural lending or credit analysis.

Appointment 30 months. Salary (UK taxable) in accordance with qualifications and experience, plus a variable tax-free Foreign Service Allowance currently in range £920 to £2,325 per annum depending on domestic circumstances.

The post is wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention.

For full details and application form please apply, quoting ref AH372 (AG) stating post concerned, and giving details of age, qualifications and experience to:

Appointments Officer,
Overseas Development
Administration
Room 351,
Abercrombie House,
Eaglesham Road,
East Kilbride,
Glasgow G75 8EA.



**OVERSEAS
DEVELOPMENT**

BRITAIN HELPING NATIONS
TO HELP THEMSELVES

Director of Public Works

FALKLAND ISLANDS

The Government of the Falkland Islands requires a Director of Public Works who will have responsibility for all functions of the Department of Public Works including roads, utilities, construction of new buildings and maintenance of existing government property. It will be necessary to liaise with the Military Authorities on engineering and allied aspects of projects such as roads, water supply and electricity.

Qualifications:

Applicants should be citizens of the United Kingdom, over 40 years of age, with a wide and extensive experience of civil engineering generally and be chartered civil or municipal engineers, preferably Fellows of the Institution. They should also have overseas experience and preferably have completed some military service with the Royal Engineers.

Appointment: 2-3 years with the possibility of extension. Local salary £7,666 per annum plus an allowance normally tax free in the range £12,942-£14,712 per annum. A terminal gratuity of 15% of local salary is payable. Other benefits include free family passages, children's education allowances and subsidised accommodation. An appointment grant of up to £300 and an interest free loan of up to £2,700 may be payable in certain circumstances.

Intending applicants should send a detailed curriculum vitae quoting ref (AH357 FI) Closing date for application is 30 March 1983 to:

Appointments Officer,
Room AH 351,
Overseas Development Administration,
Abercrombie House,
Eaglesham Road,
East Kilbride,
Glasgow G75 8EA.



**OVERSEAS
DEVELOPMENT**

BRITAIN HELPING NATIONS
TO HELP THEMSELVES

FRANCE Controller

A leading multinational Company in the offshore industry seeks a Controller for its headquarters.

Reporting to the Group Controller, he will be responsible for the group budget and reporting to General Management.

He will work closely with the Area Controllers based in France and in the foreign subsidiaries.

Applicants will be university graduates, in their 30's, with experience in the international service industry.

There are prospects of promotion to the position of Group Controller within 2 years for the successful candidate.

A working knowledge of French is required, Spanish or Portuguese appreciated. The headquarters are located in a pleasant environment on the French Riviera.

Please send résumé and salary history quoting ref. M532 to:

SVP RESSOURCES HUMAINES
7 rue de Logebach 75017 Paris France.

GENERAL APPOINTMENTS

CORPORATE STUDIES

Brewing Industry	Graduate
East Midlands	25-30
Re-location Package	£8,000 plus

We are seeking an energetic, young graduate to assist an Executive Director in a variety of projects and corporate studies.

Applicants should possess technical skills to degree level and have either post graduate training or relevant business studies experience. As a progressive independent company, we offer a challenging appointment with good prospects for career advancement.

For further information write in confidence, enclosing your C.V., to box no. A8139, Financial Times, 10 Cannon Street, London EC4P 4BY.

Commodity Market Analyst

required for leading firm of
City Commodity Brokers.

Applicant for this senior position would be expected to carry out research, write regular reports and make recommendations for trading on international futures markets. Candidate must have experience in similar field such as mining and also have broad overview of general economic trends, currencies, interest rates etc.

Competitive salary and benefits are available for the right person.

Please apply with CV to Box No. A8130, The Financial Times, 10 Cannon Street, London EC4P 4BY.

MANAGING DIRECTOR

Salary not less than £25,000 per annum

British Dredging plc, a public company based in Cardiff, is looking for a new Managing Director at a salary of not less than £25,000 per annum, plus car and pension benefits, with the benefit of a three year rolling contract if required.

British Dredging has four wholly-owned subsidiary companies supplying materials to the construction industry and has substantial cash resources available for the expansion of the Group.

The successful candidate will be aged not less than 35 and will have experience in the supply of materials to the construction industry. All applications will be treated in strict confidence.

Apply in writing giving full details of career to:

Fane Vernon, Chairman
BRITISH DREDGING PLC
Avondale Road, Cardiff CF1 7XB

Senior Personnel Manager The Gulf Banking Tax free income

Our client is a major Middle East bank with substantial local and international activities and a solid record of growth. The bank employs a large number of staff of many different nationalities.

Prime responsibilities will be for:

- Recruitment at all levels and in all categories
- Manpower planning and control
- Compensation policy development and administration
- Organisation structuring and specification.

Professionally qualified candidates must have held senior personnel roles, ideally in a banking or financial institution with diversified activities. Previous international experience is essential and familiarity with management development is an advantage.

While fluency in Arabic and experience in the Middle East are desirable, lack of either should not be seen as a deterrent.

The salary is negotiable and free of local tax and the total benefits package is attractive and commensurate with the seniority of the position.

Please write giving full career and personal details in strict confidence to G. E. Yazigi ref. B.1036-9.

MSL middle east

Management Selection Limited
International Management Consultants
52 Grosvenor Gardens London SW1W 0AW

An important Belgian company, part of an international group, wants to engage as soon as possible

a COFFEE-TRADER (m/f)

He/she will be responsible for green coffee and futures trading, price-fixing contracts and currency hedgings on an international market-scale.

Candidates must be used to trade internationally.

French/Spanish is not necessary but would be an advantage.

Candidates in similar commodities may apply but preference will be given to a coffee-trader.

We are looking for a dynamic executive, aged 28-40 years and we offer a good salary plus company car.

If you are interested, send your application letter with c.v. to our selection consultant Mrs. A. LUYTEN, ITC, Lamoriniestraat, 83 B-2000 ANTWERP, Belgium, who will treat your application-file confidentially. Ref. AL/393.

ite

Antwerpen 03/250 58 35 • Brussel 02/762 02 00 • Gent 09/25 50 95 • Hasselt 01/22 00 23 • Kortrijk 056/21 93 21

Merck & Co., Inc., a leading U.S. pharmaceutical company is recruiting an

INTERNATIONAL SENIOR COMPUTER AUDITOR (m/f)

to be based in Brussels. The successful candidate will be the European based member of a corporate team whose function is to perform audit reviews of computer centres and applications. These reviews are undertaken to assure corporate management that

subsidiaries make effective use of computer technology and that they employ adequate internal and external computer controls. Approximately 50% of time is spent away from base, primarily in capital cities of Europe. Candidates, preferably with a University degree, should have a minimum of 5 years experience in data processing, preferably on IBM equipment using COBOL and RPG. The applicant must be fluent in at least one other European language besides English. We are seeking a highly motivated person who exhibits management potential.

Please reply in confidence with detailed curriculum vitae and professional background to Frank VANDEWALLE, Personnel Department, MERCK SHARP & DOHME, chaussée de Waterloo 1135, 1180 Brussels. Preliminary interviews will be conducted in London and Brussels.



International Banking Consultants Jonathan Wren International Ltd 01-623 1266

170 Bishopsgate, London, EC2M 4LX

RETAIL BANKER United Arab Emirates

Tax free salary plus bonus and accommodation.

Our client, a well established and highly respected locally incorporated bank, seeks an accountant for one of its branches.

Candidates should ideally be aged 24-26, possess A.I.B. qualification and have gained a minimum of 4 years experience of all departments within a retail bank with a branch network. Preference will be given to applicants who have already completed one overseas tour of duty with an international bank.

A tax free salary plus bonus and free furnished accommodation is provided. Preliminary interviews will be held in London towards the end of March.

Please send a detailed curriculum vitae to Roy Webb, Managing Director.

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EXECUTIVE SEARCH KNOWS NO FRONTIERS... For many top-level jobs today, it is no longer important what nationality you are. So the Executive Search Consultants who have to find the right man would welcome suitable candidates from abroad.

But how can they make contact with such candidates?

The I.C.A. Executive Search Newsletter provides an answer. It has subscribers in 68 countries. It lists over 500 high-level executive job opportunities each year; the information is provided, at no cost to them, by reputable search firms in many countries. A condition of publication is that these opportunities should not appear anywhere else. Subscribers and consultants alike thus have access to the world market for jobs and talent.

Subscribers can read the Newsletter at home in full security. If an opportunity interests them, they write to us, and we pass on the inquiry to the consultant. He then contacts suitable candidates.

The Newsletter is thus a simple, inexpensive way of keeping in touch with possible opportunities all over the world, in complete confidence - which makes sense even if your present job is reasonably satisfactory. Only subscribers can have access to these opportunities.

Air mail subscription rates for 1983 are:

• U.S.A.: US\$175 • Canada: C\$200 • Belgium: CBF 4800 • France: FF 400 • Holland: FL 325 • Sweden: KR 695 • Switzerland: SFR 275

• U.K.: £72 • Other European countries: US\$160 or equivalent

• Other countries outside Canada, Europe and the U.S.A.: US\$185 or equivalent.

I.C.A. 3, RUE D'HAUTEVILLE - 75010 PARIS - FRANCE

SPECIMEN - TEL. (33) 1-624.63.43

NEW YORK PARIS

REQUIRED LEASING MANAGER

An International Financial Organisation in the Arabian Gulf requires a person to join its Leasing Department. The candidate should have several years' experience with first class practical skills covering legal, pricing structuring, computerised lease evaluation. A CA preferred. This position offers good salary and excellent benefits.

Please write with career details to:
P.O. BOX 11094, DUBAI (U.A.E.)

INSTITUTIONAL SALESPERSON

PARIS BASED

International Merchant Bank
seeks person with sound Stock
Market background and UK
institutional contacts.

Fluent French essential

German an advantage

Attractive salary and
career prospects

Full cv to Box A8154

Financial Times

10 Cannon Street, EC4P 4BY

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INTERNATIONAL APPOINTMENTS

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City bank, UK subsidiary of an
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to the Credits Manager, who is
concerned with all aspects of
credits, trade finance, corporate
and project lending etc. Age
group 23-30 with at least three
years' banking experience in
this field.

An attractive salary with
benefits offered to a person
prepared to work hard and grow
with the company. All
applications in strictest
confidence.

Write details to:

Managing Director, Box A8153

Financial Times

10 Cannon Street, EC4P 4BY

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LONDON

An expanding Trade Finance
corporation requires a mature
individual with considerable experi-
ence of the discount market to
manage funding and trading.

Salary will be commensurate with
experience and will include profit
sharing.

Please write, in strictest confidence,
including full career details to:

Mr M. A. Bailey, F.C.A.,
WALLACE GASH,
8 Chandos Street,
London W1M 9DG.

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broker or an institution for
research fund management in
a major institution.

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research products, seek both
young salesmen/women with
one to three years experience
and thoroughly experienced
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INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

7 1/2	NL	BS	87-90	C	F.100	5	1B	-	-	-	F.100
April											
May											
Oct.											
ARKZO	C	F.40	59	11B	57	11.70	56	11.50			F.51.80
ARKZO	F	F.45	92	9.80	70	7.10					" "
ARKZO	F	F.50	224	5.90	70	6.50	131	6			" "
ARKZO	F	F.55			94	5.50	48	4			" "
ARKZO	P	F.45	22	0.90	102	2.40					" "
ARKZO	P	F.50	82	1.50	43	4.50					" "
AMRO	C	F.45	48	6.50							F.51.80
AMRO	F	F.50	71	8	46	4.80					" "
AMRO	F	F.55			46	8					" "
GIST	C	F.140		4.50			51	17			F.142.8
GIST	P	F.130	150	2							" "
GIST	P	F.140	180	7.50A							" "
HEIN	C	F.110	50	8.40							F.115.9
HEIN	P	F.110	25	0.60A							" "
HOOG	F	F.17.50	50	5.70							F.17.50
HOOG	F	F.26.50	103	2.20							" "
KLM	C	F.160	59	11.50							F.165
KLM	C	F.170	140	6.20	202	10 B					" "
KLM	P	F.120	100	0.60							" "
KLM	P	F.140	50	0.80							" "
KLM	P	F.180	56	6							F.106
NEDL	C	F.100	26	6.50 B							" "
NEDL	P	F.90	140	4	98	9A					" "
NEDL	P	F.120	56	10	94	9.80 B	24	10.50			F.57.60
PHIL	C	F.30	602	8	519	8.20	1	5.80			" "
PHIL	C	F.52.50	75	4.20	515	8.80	59	6.50			" "
PHIL	C	F.35	169	2.80	288	4.50	199	5.70			" "
PHIL	C	F.40	1037	1.60	751	2.60	1119	2.80			" "
PHIL	P	F.27.10	10	0.40							" "
PHIL	P	F.33	200	0.20	10	0.90	45	0.70			" "
PHIL	P	F.32.50	110	0.40A	12	0.50	15	1.50			" "
PHIL	P	F.35	33	0.50	9	2.50	9	2.50			" "
RD	C	F.100	817	3.90	20	4.50	85	6.50			F.96
RD	C	F.120	16	1.10	29	2.30	9	3			" "
RD	P	F.60	99	0.40							" "
RD	P	F.70	1	1	34	3.20	1	4.50			" "
UNIL	C	F.203	76	9.50 B	23	15.20	3	18			F.203.8
UNIL	C	F.220	155	9.50	135	7.70	2	10			" "
Aug.											
Nov.											
Dec.											
DM.127.5											
TOTAL VOLUME IN CONTRACTS 13,068											
A = Asked B = Bid C = Call D = Demand E = Delivery F = Forward G = Futures H = Interest I = Invoice J = Joint K = Lease L = Letter M = Limit N = Net O = Offer P = Put Q = Quote R = Return S = Sale T = Tender U = Under V = Value W = Warehouse X = Exchange Y = Yield Z = Zone											

LONDON TRADED OPTIONS

Option	CALLS			PUTS		
	April	July	Oct.	April	July	Oct.
BP (USP \$14)	260	56	—	3	—	—
" "	280	36	—	—	—	—
" "	300	13	80	40	22	44
" "	320	6	14	22	26	40
" "	340	—	—	—	56	68
CGF (USP \$487)	280	102	—	—	—	—
" "	430	72	77	—	10	4
" "	460	40	55	67	14	24
" "	500	18	43	43	27	82
" "	560	8	20	27	72	77
" "	600	4	5	16	122	157
CTD (USP \$5)	70	94	26	28	2	1
" "	80	13	10	12	4 1/2	7
" "	90	5	10	—	—	9
CUA (USP 13 1/2)	120	16	17	—	3	8 1/2
" "	130	6	10	16	8	13
" "	140	10	17 1/2	10	15	27
" "	160	1 1/2	2	5	20	27
GEC (USP 205)	150	22	25	—	5	9
" "	197	17	—	47	2	—
" "	200	6	22	—	14	—
" "	217	—	—	20	18	20
" "	220	6	—	—	24	82
" "	227	—	14	20	—	—
" "	240	—	6	—	54	40
" "	250	1	4	—	47	59
GM (USP 255)	240	2	—	—	1	—
" "	250	9	—	—	1	—
" "	260	75	62	—	1	—
" "	280	56	62	—	2	4
" "	300	30	65	64	8	—
" "	320	11	22	28	16	19
" "	340	4	15	16	39	41
ICI (USP \$84)	250	138	—	—	2	—
" "	260	8	—	—	5	—
" "	280	98	104	74	2	4
" "	300	60	—	—	3	4
" "	320	40	48	60	5	9
" "	340	12	20	42	14	22
" "	360	2	16	22	24	28
LS (USP \$19)	240	2	—	—	1	5
" "	260	62	67	74	5	10
" "	280	26	42	55	5	9
" "	300	94	80	55	9	9
" "	320	9	12	22	17	21
M & S (USP \$20 1/2)	160	45	26	27	1 1/2	—
" "	180	26	15	—	7	7
" "	200	12	21	—	7	12
" "	220	5	10	16	20	24
" "	240	2	5	—	18	18

CALLS				PUTS			
Option		Apr.	Jul.	Oct.	Apr.	Jul.	Oct.
BHL (USP 450)	360	68	—	—	—	—	—
	390	38	48	54	5	10	13
	420	16	26	24	15	34	35
	450	4	10	18	44	46	55
CALLS				PUTS			
Option		May	Aug.	Nov.	May	Aug.	Nov.
BEL (USP 500)	360	145	147	—	1	2	—
	390	115	117	—	2	4	—
	420	85	85	—	4	10	17
	450	45	48	56	14	20	27
	500	20	28	37	25	35	43
IMP (USP 113)	90	86	—	—	1	—	—
	100	15	—	—	1	1	—
	110	10	15	19	4	6 1/2	8
	120	6	9	18	9	11	13
	130	—	—	13	13	17	21
LMO (USP 237)	320	37	45	55	14	20	27
	340	20	27	48	22	30	37
	360	16	27	25	35	45	55
	380	10	10	10	50	60	70
	400	5	12	—	72	77	—
	420	—	—	—	109	106	—
	440	2	—	—	123	—	—
	460	2	—	—	153	—	—
	480	—	—	—	—	—	—
LNR (USP 84)	80	96	8	11	8	5 1/2	6 1/2
	90	92	—	12	9	11	13
	100	3 1/2	5	4 1/2	17	20	21
P & O (USP 126)	100	58	40	—	1	2	—
	110	36	20	—	1	2	—
	120	19	10	25	1 1/2	3	10
	130	11	15	18	5	10	14
	140	6	8	12	15	17	20
	150	1 1/2	5	12	37	—	—
ROL (USP 450)	480	60	70	80	5	8	12
	490	38	48	55	17	28	35
	500	15	—	35	30	40	50
	520	5	12	—	85	87	—
	550	1	6	—	155	187	—
	600	—	—	—	168	—	—
RTZ (USP 518)	390	125	—	—	1	2	—
	420	108	107	—	2	3	—
	450	65	—	—	3	5	—
	500	40	57	70	20	25	40
	550	16	28	43	47	57	66
VRF (USP \$102)	60	70	—	—	—	—	—
	70	2	—	—	1	1	—
	80	1	—	—	3 1/2	—	—
	90	1 1/2	2 1/2	—	4	7 1/2	—
	100	1 1/2	14 1/2	19 1/2	10	15	15 1/2
	110	7 1/2	10 1/2	13 1/2	14 1/2	17 1/2	18
	120	2	3 1/2	5 1/2	20	22 1/2	24 1/2
	130	2	4 1/2	6 1/2	29 1/2	30	31 1/2
	140	2	2 1/2	4 1/2	39 1/2	40	41 1/2
May Total Contracts 1,593				Sept 1,402			
				Nov 291			

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 The Financial Times has joined forces with the International Wheat Council to arrange this conference which will cover worldwide and the emergence of new trading patterns.
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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday March 10 1983

Effects of Australian
devaluation
assessed, Page 41

WALL STREET

Funds rate helps the nervous

OPERATORS on Wall Street were holding their breath ahead of the opening of the credit markets, following Mr Paul Volcker's warning on money supply and interest rates which had so unsettled the investment mood at the close of business on the previous day, writes Terry Byland in New York.

But after a nervous start, bond and note prices began to rally, helped by a small but greatly appreciated easing in the Federal Funds rate, which by the end of the session was quoted at 7.75 per cent and bond prices were around 1/8 higher on fairly modest retail demand.

Meanwhile, the Dow Jones industrial average of blue chip stocks ended 12.86 higher at 1,132.64.

The appearance of the first declines in interest rates for four trading sessions indicated that Wall Street was still confident that inflation is coming under control. But dealers were quick to point out that the rally in bond prices yesterday morning was "almost imperceptible." The market had anticipated Mr Volcker's concern over money supply and to that extent, prices had discounted the effects.

But the market remains apprehensive

about the possible effect of the federal deficit on credit markets over the 12-month span, and some traders believe that last week's upturn in bond price was taken too far. Some institutional portfolios became overfull, and Monday and Tuesday saw some thinning out. Yesterday's market was left to the smaller investors.

The Treasury's benchmark long bond, the 10% per cent of 2012 was firmer, but settled down at 97 1/4 against 97 3/4 on the previous day and over 100 last week. The trend was much the same throughout the longer end of the bond market, with demand on a small scale.

The Treasury bill sector was equally quiet and most yields showed very small falls. The Treasury bill sector was equally quiet and most yields showed very small falls. The three-month bill yielded 8.24 per cent overnight, and the six-month bill 8.23 per cent against 8.27 per cent.

Just before the close of the session, the Treasury announced an issue of \$7.75bn in two year notes. This total had been widely predicted in the market and the announcement had no effect on trading. But another, and larger, issue is expected next week and will provide a greater test of market willingness to take up new debt.

The steadier tone of the credit markets brought bargain hunting among leading stocks, and the share sectors closed with widespread gains, concentrated on major stocks. In the wider market, many second line stocks were overlooked. Only 84.4m shares traded, and the NYSE composite index gained

only 0.83 to 88.23. Shares showing gains numbered 976, with 633 finally showing falls. Among the most favoured of the leaders was IBM at \$102 1/4 with the market responding somewhat belatedly to the latest move into personal computers.

The week's crop of takeover hopefuls were active again. Natomas, the energy and shipping group, at \$18 1/4 and Chock Full O'Nuts at \$19 1/4.

After an early decline, stocks showed some improvement in Toronto. Golds, which moved sharply ahead, were the brightest spot. In Montreal, papers were the only sector to demonstrate a decisive uptrend.

LONDON

Equities hold up against the tide

FINANCIAL markets in London continued to trade nervously ahead of an Opec agreement on oil price cuts and production quotas. Despite the uncertainty, however, equities showed remarkable resilience and Government stocks also recovered well, after a poor start.

Wall Street's sharp overnight setback, on fears of a possible rise in short-term U.S. interest rates, added initially to London's troubles. Equity dealers marked leading shares down sharply at the opening, but their protective move failed to stop some nervous selling. However, quotations soon recovered as investors committed fresh funds to top-quality stocks and values went progressively better.

Down 6.1 at the 10 am calculation, the FT industrial ordinary index reduced the loss at each subsequent count to close a net 0.3 higher on the day at 684.9.

Underlying sentiment was helped by early reports that a ballot by miners' workers could show a decisive vote against strike action over pit closures.

U.S. fears of dearer domestic money and sterling's overnight weakness against the dollar gave cause for concern in the gilt-edged market. It led to an opening markdown of about a half-point in longer-dated stocks before the pound's rally yesterday encouraged a recovery which left prices only marginally easier on the day.

Easier at the outset, the oil majors took a modest turn for the better, following comments from Sheikh Yamani about a successful conclusion to the London talks. Business, however, was inhibited to some extent by the imminence of trading statements from Shell, Ultramar and Lasso, all of which have preliminary trading statements scheduled for today.

Shell, after opening at 42 1/2, attracted sporadic support and closed 1/4 dearer on balance at 43 1/2. Ultramar edged up 7p to 48 1/2, but Lasso, still nervous on rights-issue rumours, ended a couple of pence off at 22 1/2.

Numerous gains were evident among secondary electricals. BSR jumped 18p to 68p, after 90p, as investors warmed to the group's recovery potential after implementation of the financial reconstruction plans. Reflecting the strong profits recovery, Phicox advanced 5p to 34p.

Share information service, Pages 42-43

AUSTRALIA

Broad retreat

SHARP falls, particularly among leading mining stocks, led prices lower across the board in Sydney, in a heavy day's trading. The declines were attributed to the sharp downturn on Wall Street and Tuesday's announcement that the 1983-84 federal budget deficit is estimated A\$3.6bn higher, at A\$9.6bn, than previous predictions.

Operators are concerned that this could undermine the already devalued Australian dollar and put upward pressure on interest rates.

Among miners, MIM fell back 28 cents to A\$4.27, CRA and North Broken Hill declined 26 cents each to A\$4.45 and A\$2.45 respectively. Western Mining was down 17 cents to A\$4.15 and Comalco fell back 15 cents to A\$2.35. Market turnover was a heavy A\$27.90m and declines outnumbered advances by two to one.

The same downward trend was seen in Melbourne though the reversals were not enough totally to wipe out Tuesday's large gains. Gold issues lost ground.

SOUTH AFRICA

Golds easier

THE partial recovery in the bullion price enabled gold shares to close above the day's lows in Johannesburg, in quiet trading. Randfontein ended R2.50 lower at R137.50 while cheaper-priced producers lost between five and 75 cents. Mining financials followed the same trend with Gencor down 25 cents at R27.50 ahead of its annual results due late today.

FAR EAST

Overnight U.S. decline spills over

THE YEN's weakness and Wall Street's overnight fall led to scattered selling in Tokyo and share prices fell slightly. But the market was also awaiting signs of progress from the Opec oil price talks in London.

The Nikkei-Dow Jones market average shed 18.74 to end at 8,008.25 on a thin volume of 230m shares, and the Tokyo SE index dipped 2.18 to 589.54. Many market leaders declined, as did the troubled Meiji Seika, the confectionery concern with pharmaceutical interests, which lost Y7 to Y530.

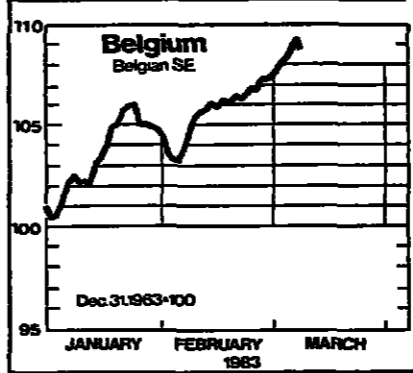
Nippon Electric shed Y14 to Y945, Fuji Film Y20 to Y1,660, Hitachi Y10 to Y750, Sony Y80 to Y3,310 and Toyota Motor Y13 to Y885. Oils were little changed although Nippon Oil fell Y29 to Y913.

After a slow day's trading in Hong Kong, stocks closed near their lows for the day, with sentiment depressed by corporate news - particularly Hongkong and Shanghai Banking Corporation's results for 1982 - and price trends abroad.

The bank had reported a HK\$2.36bn net profit, which was at the lower end of analysts' 10 to 15 per cent growth expectation and the bank's shares closed 25 cents lower at HK\$8.85.

The Hang Seng index closed Wednesday's traditional half-day trading 11.34 points lower at 1,003.50, with the market additionally discouraged by the Government's appointment of two inspectors to investigate the property company KDA Investments.

Against the lower trend, Singapore was described by one broker as bullish, and the Straits Times industrial index rose 2.36 points to close at 841.38, on volume of 24.4m shares. However, observers believe there may be a wave of enforced selling within the next two weeks.



EUROPE

Consolidate becomes the best option

THE European bourses had much quieter sessions than in recent days, with prices generally lower on profit-taking, in reaction to Wall Street's overnight downturn and with some hesitancy still present ahead of an outcome to the Opec talks in London.

In Frankfurt share prices tended lower in moderate activity as an attempt was made to consolidate the sharp gains seen earlier in the week. But unlike Tuesday, when fresh buying wiped out earlier losses, the market moved steadily lower, though it was able to close just off session lows.

AEG, which announced that it had sold a 75 per cent stake in its Telefunken subsidiary to Thomson-Brandt of France, retreated DM 5.40 despite acceptance by its creditors of a management plan to write off 60 per cent of the company's debt.

Banks were generally weaker. Commerzbank and Dresdner each fell DM 4.30 to DM 142.50 and DM 154.50 respectively, while Deutsche and Bayernverein each gave up DM 6 to DM 282 and DM 310 respectively.

Against the trend Preussag, the engineering concern, climbed DM 3.80 to DM 219.80 after reporting "satisfactory"

earnings for 1982, coupled with a 1.3 per cent rise in sales. Public authority bonds extended early weakness to finish with losses of up to a half-point, although there were isolated gains of up to a quarter.

A narrowly mixed trend emerged in Paris. Bank, portfolio and motor issues gained but hotels, stores, electricals, engineering and chemicals were lower. Foreign shares were broadly lower in response to Wall Street's losses.

In Amsterdam Dutch bond prices weakened by up to a full point as the new 7.5 per cent state issue received a mixed reception. The fall was attributed to weakness in New York credit markets and some disappointment that the terms of the new issue were little changed from the last loan in January.

Among Dutch international stocks, Hoogovens fell 70 cents to Fl 23.3 while Unilever was Fl 1.80 lower at Fl 203.20. On the after-bourse market Philips climbed from its bourse close of Fl 37.60 shortly after announcing a 21 per cent increase in net profits and a proposal for an unchanged Fl 1.80 dividend for 1982.

Brokers in Brussels were expecting a sharp drop in stock prices in reaction to Tuesday's 2.5 point discount rate increase to 14 per cent. But in the event stocks closed mixed to only slightly lower with the view being adopted that the rate boost was only temporary.

Utility stocks booked modest gains with EBES and Intercom each up Bfr 5 to Bfr 2,085 and Bfr 1,605 respectively, and Unegor up Bfr 20 to Bfr 1250. Steel stocks lost some ground with Clabecq dropping Bfr 10 to Bfr 750 and Arbed down a further Bfr 20 to Bfr 1,204.

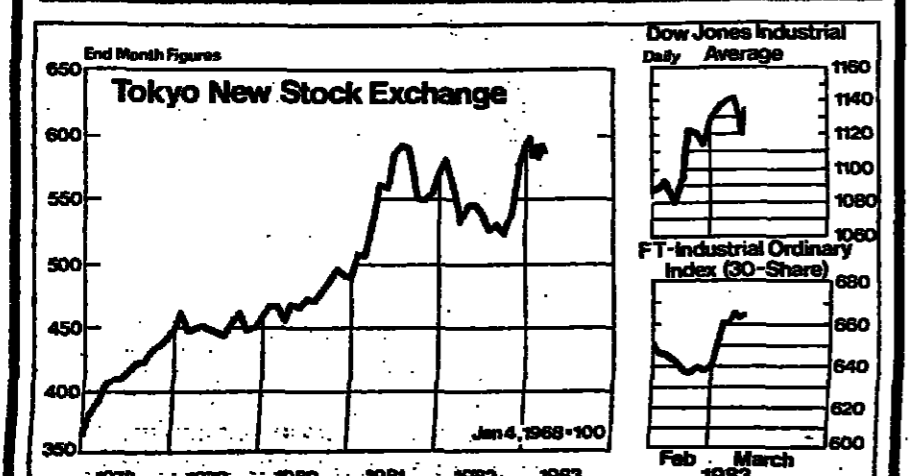
Domestic share prices continued to drift lower in Zurich amid renewed fears of higher interest rates. The weaker tone was attributed mainly to the recent steep rise in Eurofranc deposit rates. Swiss bonds ended lower, depressed by the firm dollar.

Expectations that exchange rate fluctuations would prevent cuts in Italy's high interest rates left share prices easier in Milan. Fiat fell L40 to L2,560 and Snia Viscosa L19 to L861.

Electricals led a general decline in Madrid, where the bourse index closed 0.35 lower at 108.34.

In Stockholm prices closed lower in moderate turnover. In engineering Alfa-Laval fell SKr 5 to SKr 405. In motors Saab-Scania fell SKr 7 to SKr 307.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	March 9	Previous	Year ago
DJ Industrials	1132.64	1118.78	803.84
DJ Transport	507.78	502.94	320.48
DJ Utilities	128.00	128.28	107.8
S&P Composite	152.87	151.25	108.83

LONDON

	March 9	Prev	Year ago
FT Ind Ord	684.9	684.5	559.5
FT-A All-share	413.62	413.47	321.65
FT-A 500	447.48	447.67	341.47
FT-A Ind	422.54	422.64	316.01
FT Gold mines	584.6	583.4	219.8
FT Govt secs	80.35	80.39	68.75

TOKYO

	March 9	Prev	Year ago
Nikkei-Dow	8008.25	8026.39	7195.8
Tokyo SE	589.54	591.72	538.94

AUSTRALIA

	March 9	Prev	Year ago
All Ord	516.7	527.1	453.6
Metals & Mins	478.4	493.4	330.5

AUSTRIA

	March 9	Prev	Year ago
Credit Aktien	51.30	51.15	54.04

BELGIUM

	March 9	Prev	Year ago
Belgian SE	108.74	109.25	93.64

CANADA

	March 9	Prev	Year ago
Toronto Composite	2159.0	2143.12	1581.2

DENMARK

	March 9	Prev	Year ago
Copenhagen SE	120.19	122.41	96.03

FRANCE

	March 9	Prev	Year ago
CAC 40	108.8	108.1	103.5
Ind. Tendance	113.6	113.6	112.9

WEST GERMANY

	March 9	Prev	Year ago
FAZ-Aktien	277.47	278.94	233.14
Commerzbank	635.5	637.2	707.8

HONG KONG

	March 9	Prev	Year ago
Hang Seng	1003.50	1014.84	1129.55

CURRENCIES

U.S. DOLLAR	STERLING
March 9	March 9
1.5015	1.2005
2.4070	2.4015
237.50	238.30
6.8775	6.8275
2.0910	2.0580
2.8875	2.8825
1428	1422
47.52	47.39
1.2270	1.2245

INTEREST RATES

March 9	Prev
3-month U.S.	9%
6-month U.S.	9 1/4%
U.S. Fed Funds	7 3/4%
U.S. 3-month CDs	8.80
U.S. 3-month T-bills	8.25

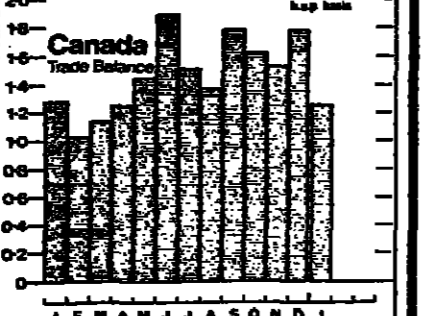
FINANCIAL FUTURES

Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)			
9% \$100,000 30nds of 100%			
June	75-22	75-30	75-20
U.S. Treasury Bills (TMM)			
\$1m points of 100%			
June	91.65	91.77	91.52
Sept	91.65	91.77	91.52
Cart Deposit (MMB)			
\$1m points of 100%			
June	90.93	91.08	90.89
LONDON			
Three-month Eurodollar			
\$1m points of 100%			
June	90.70	90.79	90.59
20-year National Gilt			
\$50,000 30nds of 100%			
June	103-10	103-17	102-20
Three-month Sterling Deposit			
\$250,000 points of 100%			
June	89.69	89.79	89.59

LONDON COMMODITY MARKETS

March 9	Prev
Silver (spot fixing)	704.19
Copper (cash)	£1052.50
Coffee (March)	£1983.00
Oil (spot Arabian light)	\$28.25

CANADA



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The size, contents and publication dates of Surveys appearing in the Financial Times are subject to change at the discretion of the Editor.

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	High	Low	Stock	Div. Yld.	P/E	Stk	Div	Yld.	P/E	12 Month	High	Low	Stock	Div. Yld.	P/E	Stk	Div	Yld.	P/E	12 Month	High	Low	Stock	Div. Yld.	P/E	Stk	Div	Yld.	P/E
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COMMODITIES AND AGRICULTURE

Brokers predict nickel price rise

By John Edwards

A RISE in free nickel prices, as supply and demand come closer into balance, is predicted in a special in-depth study of the nickel market by London commodity brokers, Rudolf Wolf.

It estimates that demand for nickel could rise by 15 per cent this year, and with continued production cuts, there should be a fall in surplus stocks and a rise in the market price above the \$3.20 a pound currently being quoted by producers but not being realised on actual sales. Present values are between \$2.10-2.40 a pound.

£130 gain

On the London Metal Exchange yesterday nickel futures rose again to reach the highest point for nearly a year. The cash price closed \$55.50 up at \$130 a tonne—a gain of £130 in the past three days. The three-month tin price also reached a new peak, moving up by \$39.50 to \$2,920.5 a tonne—the cash price at \$2,895 is moving close to the record level of \$2,900 reached in February last year as a result of sustained buying by a mystery group.

Buffer stock

This time the buying support is known to be coming from the buffer stock of the International Tin Council, which is also boosting the Straits price in Penang. However, the Malaysian market remains well below the high levels of a year ago, reflecting the change in the value of sterling against the dollar.

Other metals were firmer too, on the weakness of sterling and the steady trend in gold. The cash price of high-grade copper closed \$8.5 higher at \$1,062.5 a tonne.

Practical approach to Brandt Report

By Richard Mooney

READING UNIVERSITY'S Centre for Agricultural Strategy is launching a project aimed at translating recommendations in the second Brandt Report into practical schemes to encourage the development of Third World agriculture.

Professor Colin Speeding, director of the centre, said there had been much criticism and disappointment that, after the first Brandt Report, practically nothing happened.

"This is partly because most people leave it to others and partly because no one is sure what they can usefully do," he said.

The CAS Brandt project will be designed to establish what kind of action would be effective.

But first, Prof Speeding said, it was necessary to raise money to cover technical, publishing, staff costs, etc. The centre is seeking donations for a targeted \$100,000 initial fund.

When this is done it plans to set up about 20 working groups covering problem areas highlighted in the Brandt Report. These will be concerned with such subjects as food aid, soil erosion, water supply, research and development, special problems of small farmers, marketing and distribution and agricultural co-operation.

It hopes to draw on the help and experience of the many agencies already active in these fields and to produce co-ordinated plans. "We are not proposing another agency," said Prof Speeding.

The CAS project will examine how these things can best be done. "A number of people are aware of the Brandt Report and are willing to help," said the professor. "But they don't know how."

Financial Times correspondents look at the effects of Australia's devaluation
Exporters see little hope of lower consumer prices

AUSTRALIA'S 10 per cent currency devaluation is welcomed by exporters of agricultural products to Britain but it will make little difference to the price of such items to consumers, writes Bob Schofield.

Because of the de facto devaluation for sterling over the past few months as it weakened against the U.S. dollar, Australia's move, in effect, does no more than bring its currency back into line with sterling.

The Australian canned fruit industry, whose products were worth last year £15m in British shops, welcomed the devaluation but the forward buying of currency by exporters, carried out several months ago before any hint of an early election and a change of government, means

that trading will virtually be locked into the old rate of exchange until the end of this year.

For the consumer, the adjustment offers no hope of cheaper canned fruit. Like its predecessor, 1982 was something of a disaster for Australia as it was for the two other principal non-EEC suppliers to this market, South Africa and California.

One of Australia's largest canners, Ardmore, ended its last financial year with a \$4.25m loss, and equally gloomy results are expected shortly from the other major canner, SPC.

In an effort to stem losses, the traditional suppliers to this market have made drastic cuts in production—to the point in fact, of over-correction and the

prospect of shortages this year. Prices have also been brought more into line with those in 1980, before two years of glut.

With a 25 per cent EEC tariff against them, Greece and Italy enlarging their market share as members, and Spain and Portugal on the horizon as candidates for membership, Australia foresees an eventual loss by the traditional suppliers of at least half their former European sales.

Against this prospect and such other complications as last week's 10 per cent rise in prices for South African canned fruit by the traditional suppliers of irrigation water because of drought, the Australian devaluation, though applauded by the industry and the trade, will

have little immediate significance.

The drought and its impact on the cost of irrigation also concerns Australia's dried fruit industry, one of the big three suppliers to the £40m British market. It is now two-thirds of the way through harvesting a high quality crop expected to total about 70,000 tonnes.

Again, the devaluation is welcomed by industry and trade. But since the EEC last year introduced a minimum price of U.S.\$1,000 a tonne below which any fruit entering the community would be penalised by a levy of \$150 a tonne, the trend is to price to rise.

Australian exporters said yesterday that the devaluation would serve to bring rates more into line with those for

fruit from other origins.

Prices for the season are fixed in the new year and there are no plans to modify them because of the devaluation, which will thus benefit whole-sale and manufacturers but probably not consumers.

Restraint is also the keynote with ginger. The Queensland industry will sell Britain about £1.5m-worth this year. Prices are set by the exporters each November on the basis of production costs, and they became effective on March 1.

The chief executive of the co-operative producing the ginger said in London yesterday that he wondered whether the co-operative had made the right decision in not raising prices but letting the consumers benefit.

Benefit 'should go to growers'

THE AUSTRALIAN Wool Corporation raised the floor price for wool by 7.5 per cent yesterday. Mr David Aspin, corporation chairman, said it was vital that the benefits of devaluation be passed on to growers, who were badly hit by drought.

Much attention is being focused on how bidding goes when Australian sales resume today after having been suspended while the response to the devaluation was being considered.

Floor prices

The amount by which the floor price has been raised makes wool marginally more attractive to buyers, since for growers to have taken full advantage of the devaluation would mean lifting the floor price by 11 per cent.

Because of the drought more wool was offered than usual in the first part of the season.

NZ wool industry feels new confidence

NEWS THAT China will buy a record quantity of New Zealand wool this season coincided with a substantial lift in wool prices, Daily Herald reports from Wellington.

Just before New Zealand's 6 per cent devaluation on March 7 (changing the exchange rate from \$NZ2.43-£1.00 to \$NZ2.27-£1.00) the average price at auction went to 259 cents per kilo. A few days earlier the average was only 230 cents—their lowest for three years.

New Zealand wool prices this season in real terms have been their lowest since 1975 but the wool industry now hopes the recent rise will be maintained.

China will probably take 30,000 tonnes of New Zealand wool this season—10 per cent of total supply. China bought 19,000 tonnes, then worth \$NZ78m.

Sales to China for the season ending June 30, should top \$NZ120m. The New Zealand

Wool Board is trying hard to increase sales to China and has offered expertise and technical assistance to develop wool-consuming industries. One area for expansion is carpet manufacture.

Sixty per cent of New Zealand's total wool clip goes to carpets but in China only 10 per cent of the wool imported from New Zealand is used by the carpet industries. Most of it has been absorbed for hand knitting yarns.

China's development of carpet industry in New Zealand is to import \$NZ100,000 of woolen

Farmers favour \$ decision

DEVALUATION of the dollar has been widely applauded by Australian farming interests, almost all of whom are combatting drought, rising costs, and the impact of full export prices, Michael Thompson-Noel writes from Sydney.

The drought is causing growing problems for the country's producers. The Australian Meat and Live-stock Corporation said yesterday that its revised forecast for total cattle and calf numbers was now 22m head, 10.2 per cent down on the 1982 census.

Cattle and calf slaughtering this year are expected to decline by more than 20 per cent, to 7.5m head, or 600,000 less than recently estimated. This will place pressure on exports, for which the target is 1.5m tonnes, 100,000 tonnes less than predicted four months ago.

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Speculative buying pushes up coffee

By Our Commodities Staff

HEAVY SPECULATIVE buying pushed coffee prices up sharply on the London futures market yesterday. The May position closed \$57.50 higher at £1,734 a tonne, only £10 below the 30-month peak reached in January. Dealers said there was no clear reason for the upsurge.

The International Coffee Organisation's executive committee meets in London today to discuss the sharing of a 750,000-bag cut in this season's global quota, agreed after Hungary and Israel withdrew from the organisation last year.

THE EEC agreed in principle to apply commission proposals for manioc imports, after the Dutch accepted arrangements affecting quantities for its feed processing industry. Britain was given assurances that possible manioc imports above the usual 10,000 tonnes would not attract a higher tariff.

U.S. Agriculture Secretary Mr. Block announced a 20,000-tonne rice sale to Morocco under a special programme providing subsidised credit.

SUGAR EXPORT authorisations continued at their recent low level at yesterday's weekly EEC tender in Brussels. Export licenses were granted on 30,500 tonnes of white sugar and 5,000 tonnes of raws. London traders said the allotment had little impact on prices.

TRADING in silver options will start on April 5 at Amsterdam's European Options Exchange. A 16-hour trading day has been arranged with the Vancouver exchange.

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 9 1983	+ or -	Month ago
Metals			
Aluminium	2,910.615		2,916.611
Free Mch	1,918.144		1,918.158
Copper	1,018.5	+ 8.5	2,019.5
3 mths	1,018.5	- 8	2,071.5
Cash Cathodes	1,018.5	- 7	2,101.5
3 mths	1,018.5	- 7	2,101.5
Gold Troy oz	3,425	+ 3.5	3,492.5
3 mths	3,425	- 0.75	3,492.5
Monthly	3,425.575	- 1	3,500.25
Free mch	2,101.340		182.210
Palladium	599.25	+ 0.5	621.15
Platinum	1,571.30	+ 1.98	2,296.45
3 mths	1,571.30	+ 1.98	2,296.45
Silver Troy oz	704.102	+ 1.33	934.5
3 mths	724.90	+ 1.18	917.7
Tin cash	3,596	+ 84.5	2,044.5
3 mths	3,596	+ 84.5	2,044.5
Tungsten	377.97		879.75
Mineral			
Uranium 2.24 lb	73.28		678.75
Zinc Cash	2,454	+ 11.2	2,440.4
3 mths	2,454	+ 11.2	2,440.4
Prod'n	2,471.85		2,540.80
3 mths	750		2,540.80

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm and Opec hopes help sterling

The dollar was firm on the foreign exchanges following the concern of Mr Paul Volcker, Federal Reserve Board chairman, about money supply and the effect on U.S. inflation. This led to speculation about higher interest rates, and generally tended to support the U.S. currency.

Sterling opened well below the \$1.50 level, and only slightly above Tuesday's very weak New York close, but it improved when Sheikh Yamani of Saudi Arabia said he was optimistic of a successful settlement to the Opec conference. Trading remained very nervous however.

EMS currencies traded more quietly than the dollar. The French franc was kept off its floor by high interest rates, but the Belgian National Bank probably gave further support to its currency, after spending Bfr 41bn in the latest reporting week.

The dollar rose to Dm 2.4070 from Dm 2.4015 against the

D-mark, to Ffr 6.8775 from Ffr 6.8278 against the French franc, to Sfr 2.0610 from Sfr 2.0590 in terms of the Swiss franc, but fell to Y237.50 from Y238.30 against the Japanese yen.

STERLING - Trading range against the dollar in 1982-83 is 1.5255 to 1.5005. February average 1.5735. Trade-weighted index 98.5 against 79.5 at noon, 79.2 at the opening 79.5 at the previous close, and 91.7 six months ago.

Sterling remains weak and vulnerable because of uncertainty about world oil prices. The London Opec conference has proved particularly unsettling.

Falling inflation, a decreasing budget deficit, and good trade figures until recently, have tended to be ignored.

Sterling opened at the day's low of \$1.4960, but improved sharply to a peak of \$1.5100.

15.110 on remarks by the Saudi Arabian oil minister. It was then around \$1.5075 for most of the remainder and closed 10 points higher at \$1.5010-1.5020.

The pound rose to Dm 2.4070 from Dm 2.3950, to Ffr 6.8775 from Ffr 6.8278, to Sfr 2.0610 from Sfr 2.0590, and to Y237.50 from Y238.30.

D-MARK - Trading range against the dollar in 1982-83 is 2.4040 to 2.3410. February average 2.4260. Trade-weighted index 130.1 against 125.4 six months ago.

A right-wing victory in West Germany's general election was largely anticipated by much of the market and emphasis is now likely to switch to hopes of lower German interest and increased strains within the EMS as pressure grows on the weaker members.

The Belgian franc remained at its floor level at yesterday's fix.

The Belgian central bank spent a record Bfr 41bn in the week ending last Monday, in an effort to support the Belgian franc within the EMS. Intervention by the authorities this year now totals around Bfr 95bn. Despite this and Tuesday's 21 point increase in the discount rate to 14 per cent, the Belgian franc was still very weak and the D-mark was fixed at its ceiling of Bfr 17.7058. The guilders was also firm at Bfr 17.8000, from Bfr 17.7945.

CHANGING OF ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU	Current amount	% change	% change	Divergence
		against ECU	rate	divergence	limit
Belgian Franc	44.7904	44.7900	-0.39	+1.32	-1.6501
Dutch Guilder	3.6033	3.6030	-0.08	+1.23	-1.6430
French Franc	6.5596	6.5590	-0.09	+1.23	-1.6430
German Mark	1.3663	1.3660	-0.02	+1.23	-1.6430
Italian Lira	1.3663	1.3660	-0.02	+1.23	-1.6430
Spanish Ptas	166.639	166.630	-0.06	+1.23	-1.6430
Portuguese Escudo	200.482	200.480	-0.01	+1.23	-1.6430
Swedish Krona	136.760	136.760	0.00	+1.23	-1.6430
Yugoslav Dinar	118.235	118.235	0.00	+1.23	-1.6430

OTHER CURRENCIES

	Mar. 9	£	\$	¥
Argentina Peso	93,548.95	748	62,300.68	250
Australia Dollar	1.7610	1.7630	1.7715	1.7785
Brazil Cruzeiro	592.52	592.52	592.52	592.52
Canada Dollar	1.0000	1.0000	1.0000	1.0000
Denmark Krone	13.6603	13.6603	13.6603	13.6603
Finland Markka	5.9457	5.9457	5.9457	5.9457
France Franc	6.5596	6.5596	6.5596	6.5596
Germany Mark	1.3663	1.3663	1.3663	1.3663
Greek Drachma	134.090	134.090	134.090	134.090
India Rupee	8.9100	8.9100	8.9100	8.9100
Iran Rial	125.00	125.00	125.00	125.00
Israel Sheqel	1.8000	1.8000	1.8000	1.8000
Japan Yen	100.00	100.00	100.00	100.00
Kuwait Dinar	4.0000	4.0000	4.0000	4.0000
Libyan Dinar	1.0000	1.0000	1.0000	1.0000
Malaysia Ringgit	2.3360	2.3360	2.3360	2.3360
New Zealand Dollar	1.6700	1.6700	1.6700	1.6700
Norway Krone	4.7560	4.7560	4.7560	4.7560
Qatar Riyal	1.0000	1.0000	1.0000	1.0000
Saudi Arab. Riyal	5.1435	5.1435	5.1435	5.1435
Singapore Dollar	1.3500	1.3500	1.3500	1.3500
South African Rand	1.5000	1.5000	1.5000	1.5000
U.A.E. Dirham	5.6445	5.6445	5.6445	5.6445

* Selling rates

THE POUND SPOT AND FORWARD

	Mar. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4980-1.5110	1.5010-1.5020	0.28-0.29c	1.28	2.12	0.73-0.88	1.28
Canada	1.6385-1.6510	1.6480-1.6500	0.25-0.26c	1.22	2.12	0.73-0.88	1.22
Netherlands	3.89-4.03	4.00-4.01	21-22c	6.34	7.11	7-8c	6.34
Belgium	71.00-71.50	71.30-71.40	28-30c	6.34	16.56	102-120c	6.34
Denmark	12.55-13.00	12.80-12.90	28-30c	6.34	16.56	102-120c	6.34
France	1.0890-1.0970	1.0920-1.0940	0.36-0.47c	6.34	16.56	102-120c	6.34
W. Ger.	3.60-3.65	3.62-3.64	27-28c	6.34	16.56	102-120c	6.34
Ireland	138.00-143.00	140.00-142.00	0.00	6.34	16.56	102-120c	6.34
Spain	197.00-199.00	197.15-197.55	180-240c	6.34	16.56	102-120c	6.34
Italy	2.12-2.15	2.13-2.14	44-48c	6.34	16.56	102-120c	6.34
Norway	10.75-10.85	10.78-10.82	44-48c	6.34	16.56	102-120c	6.34
Japan	10.25-10.35	10.28-10.32	53-61c	6.34	16.56	102-120c	6.34
Sweden	11.80-11.90	11.81-11.82	44-48c	6.34	16.56	102-120c	6.34
Switzerland	2.00-2.05	2.01-2.02	44-48c	6.34	16.56	102-120c	6.34
Austria	3.07-3.11	3.08-3.10	44-48c	6.34	16.56	102-120c	6.34
Belgium	1.0890-1.0970	1.0920-1.0940	0.36-0.47c	6.34	16.56	102-120c	6.34
Sum-month forward dollar	1.19-1.14c	1.19-1.14c	1.19-1.14c	1.19-1.14c	1.19-1.14c	1.19-1.14c	1.19-1.14c

EXCHANGE CROSS RATES

	Mar. 9	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	1.0000	1.5015	1.6115	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663
U.S. Dollar	0.666	1.5015	1.0000	0.6050	0.6375	0.6375	0.6375	0.6375	0.6375	0.6375	0.6375
Deutsche Mark	0.6050	0.6050	0.6050	1.0000	0.7559	0.7559	0.7559	0.7559	0.7559	0.7559	0.7559
Japanese Yen	1.6115	1.6115	1.6115	1.6115	1.0000	0.7364	0.7364	0.7364	0.7364	0.7364	0.7364
French Franc	1.3663	1.3663	1.3663	1.3663	1.3663	1.0000	0.7266	0.7266	0.7266	0.7266	0.7266
Swiss Franc	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.0000	0.7266	0.7266	0.7266	0.7266
Dutch Guilder	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.0000	0.7266	0.7266	0.7266
Italian Lira	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.0000	0.7266	0.7266
Canada Dollar	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.0000	0.7266
Belgian Franc	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.3663	1.0000

MONEY MARKETS

London quiet but nervous

Interest rates were slightly firmer on the day in London, but quickly eased from the early high levels as the initial pressure came off sterling on the foreign exchanges. Trading in sterling denominated paper was generally very quiet, however, as the market tried to digest press comment about the possibility of lower base rates with the extreme weakness of the pound. With sterling closing at a record low in New York on Tuesday the first reaction was to push interest rates higher, but the comment by Sheikh Yamani of Saudi Arabia about a possible early agreement at the Opec conference led to a sudden improvement in sentiment and a sharp recovery by the pound. In the absence of any further news market volume then settled down at a low level for the rest of the day.

The Bank of England forecast a money market shortage of £750m initially, but revised this to £550m in the afternoon. No assistance was given after lunch, but the authorities provided help of £600m during the morning. This was mainly in the form of £500m bills for resale on March 16 at rates on 11-11 1/2 per cent. Another £150m bills were bought outright at an unchanged

rate of 11 per cent. An amount of £4m local authority bills were purchased in band 1 (up to 14 days maturity), and £4m bank bills in band 1, plus £177m bank bills in band 2 (15-35 days). Exchequer transactions added

£20m to liquidity, but this was heavily outweighed by bills maturing in official hands and a take-up of Treasury bills from Friday's tender of £122m; the unwinding of repurchase agreements of £422m; a rise in the

note circulation of £60m, and rundown bank balances of £150m. Banks carried over below target balances because on Tuesday the Bank of England gave help of only £207m on a forecast shortage of £250m.

LONDON MONEY RATES

	Mar. 9 1983	Sterling	Interbank	Local Authority	Finance	Discount	Treasury	Eligible	Five
Overnight	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
2 days notice	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
7 days notice	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
14 days notice	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Three months	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Six months	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Nine months	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
One year	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
Two years	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.321 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11 per cent; four years 11 1/2 per cent; five years 11 1/2 per cent. Bank bills rates in table 11 1/2 per cent.

Approximate selling rate for one month Treasury bills 10 1/2 per cent; two months 10 1/2 per cent; three months 10 1/2 per cent; four months 10 1/2 per cent; five months 10 1/2 per cent; six months 10 1/2 per cent; seven months 10 1/2 per cent; eight months 10 1/2 per cent; nine months 10 1/2 per cent; one year 10 1/2 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 1/2 per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums to seven days' notice 11 1/2 per cent.

Treasury Bills: Average tender rate of discount 10.7233 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 11 1/2 per cent; one month three month 11 1/2 per cent; three month six month 11 1/2 per cent; six month one year 11 1/2 per cent. Under £100,000 10 1/2 per cent from March 7. Deposits held under Series 3-5 10 1/2 per cent. The rate for all deposits withdrawn for cash 8 1/2 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

	Mar. 9	Short term	7 days notice	Month	Three months	Six months	One year
Sterling	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2	11 1/2
U.S. Dollar	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Can. Dollar	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2
D. Guilder	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
S. Franc	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Deutsche Mark	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
French Franc	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Italian Lira	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Belg. Franc	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2	15 1/2
Fin.	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Yen	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
D. Krona	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2	14 1/2
Asia 5 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2

FT LONDON INTERBANK FIXING

(11.00 a.m. MARCH 9)	
5 month U.S. dollars	6 months U.S. dollars

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are Citicorp, Deutsche Bank, Bank of Tokyo, Deutsche Bank, Banque Paribas de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Nervous trading

Prices fluctuated sharply in the London International Financial Futures Exchange yesterday with most sectors seeing good volume. Euro-dollar prices were sharply lower initially as the market reacted to comments made by Mr Volcker on Tuesday of the authorities' concern over money supply growth, giving rise to fears of a Fed tightening and higher U.S. interest rates. The downward continued for a short while, but was eventually viewed as being overdone prompting an equally sharp rally to the day's best levels.

The June price opened at 90.66 down from Tuesday's close of 90.82 and touched a low of 90.59 before recovering to a best level of 90.75. It closed at 90.70. Gills and short sterling prices opened weaker, following much

the same pattern, before recovering and then drifting slightly. Sentiment was not helped by sterling's recent weakness and the absence of any agreement in the Opec talks. There were a few encouraging signs, however. Indications that UK miners had rejected a strike call together with Tuesday's encouraging money supply figures helped to restore some confidence. The June gilt slipped to a low of 102.20 very quickly from an opening level of 102.25 before touching a best level of 103.17 and closing at 103.10, little changed from 103.13 previously.

Dealers reported good basis trading in the gilt sector with further encouraging signs of retail interest as total lots traded climbed to 1,595 from 1,106 on Tuesday.

LONDON

	Close	High	Low	Prev
March	90.70	90.79	90.59	90.25
June	90.70	90.79	90.59	90.25
Sept	90.70	90.79	90.59	90.25
Dec	90.70	90.79	90.59	90.25
Volume	2,270	(1,407)		
Previous day's open int.	2,948	(3,163)		

CHICAGO

U.S. TREASURY BONDS (CBT)

5% \$100,000 32nds of 100%

March	102-16	103-17	103-14	103-15
June	103-10	103-17	102-20	103-17
Sept	102-28	102-28	102-24	102-31